DON'T MISS THE BIG BUILDER '08 CONFERENCE, SEE PAGE 72

HIGHER GROUND

SCOTT SEDAM ON BUSINESS OPERATIONS

See page 85

Builder

hanley▲wood

THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS

SEPTEMBER 2008

BETWEEN A ROCK AND A HARD PLACE

- Builders struggle to make hard choices in the downturn
- A change in your business model can bring some relief
- The pros and cons of cocooning



TEN GREAT PROJECTS MOVE BUYERS OFF THE FENCE

WWW.BUILDERONLINE.COM


AMER
BEST T
CHEVY SILVERADO · *CAR AND DRIVER*'S BEST PICKUP
· BEST V8 FUEL ECONOMY[2] · BEST COVERAGE IN AMERICA
1 Based on *Vincentric*'s 2008 Model Level Analysis. **2** Based on 2008 GM Large Pickup segment and Silverado 2WD with available 5.3L V8 with an EPA est. MPG 14 city/20 hwy. Excludes other GM

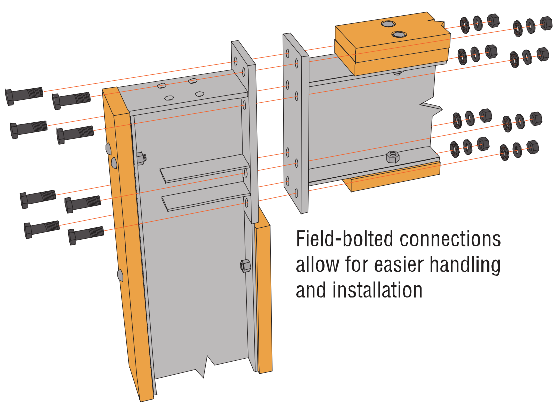

RICA'S
TRUCK
SILVERADO
TWO YEARS RUNNING LOWEST COST OF OWNERSHIP[1]
CHEVY.COM/THETRUCK AN AMERICAN REVOLUTION
vehicles. Silverado is a registered trademark and Chevy is a trademark of the GM Corp. ©2008 GM Corp. Buckle up, America!



SIMPSON Strong-Tie®

Introducing the economical moment-frame solution—

Simpson Strong-Tie® Strong Frame™ Ordinary Moment Frame


Field-bolted connections allow for easier handling and installation

"Builders are going to find these frames much easier and less expensive to install. For example, if you look at a typical garage-front application and consider materials, footing size and installation time, our moment frame is comparable in price to a portal built with factory-built shearwalls."

Tim Ellis, SE – *Product Manager, Strong Frame Team*

Now using moment frames doesn't have to require a lot of extra design time for the designer and additional work for the contractor. The Strong Frame ordinary moment frame has been designed to reduce the time and cost associated with specifying and installing moment frames.

Complete engineered solutions save design time

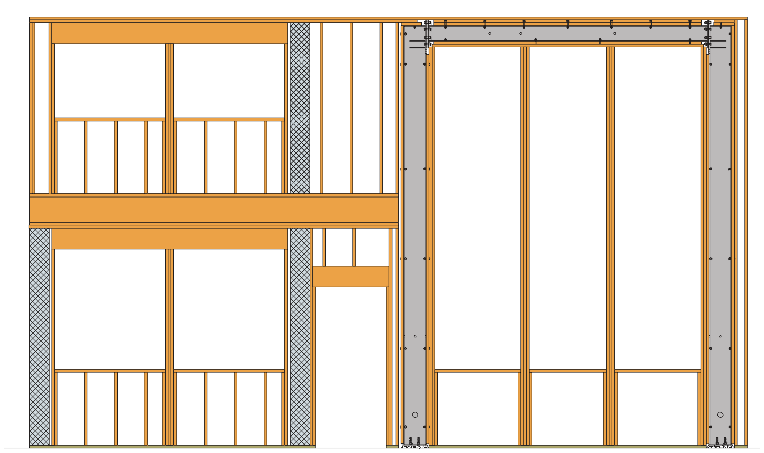
Instead of spending hours designing their own frames, structural designers can now choose engineered Strong Frame moment-frame solutions from 196 frames in sizes up to 16 feet wide and 19 feet tall. Anchorage designs round out the package, for a complete off-the-shelf solution.

Bolted connections streamline installation

The Strong Frame ordinary moment frame is the only factory-built moment frame for wood construction that features 100% field-bolted connections. Instead of a welder and special inspector, all you need are standard wrenches for installation.

Easy to use anchorage assemblies save time for the concrete contractor

The Strong Frame anchor-bolt assemblies are designed to eliminate the need for larger footings. And with templates that mount on the forms and an optional telescoping layout tool, we make it easy to get the anchor bolts in the right place.


Strong Frame moment frames allow for larger windows and open floor plans

Convenient to store, ship and handle on the jobsite

Each frame is shipped disassembled to the job, meaning more frames can fit on one truck and there are no awkward pre-welded frames to handle on the job.

Other features include:

- Wood nailers are pre-installed on the frame
- Frames fit in a standard 2x6 wall, no thicker walls or furring required
- Field adjustable to account for anchor-placement issues
- Convenient to store and ship disassembled
- High-quality frames manufactured in a factory environment



Change your frame
of reference.
SIMPSON Strong-Tie Strong Frame
Moment frames have long been considered the expensive option when small wall sections and open floor plans make shearwalls unworkable. Simpson Strong-Tie is going to challenge that perception with the new Strong Frame™ ordinary moment frame. Now designers can choose from 196 engineered frames, in sizes up to 16 feet wide and 19 feet tall, rather than spend hours designing their own. And since the Strong Frame is the only factory-built moment frame for wood that offers 100% field-bolted connections, it is easier and faster to install. Now there is a cost-effective moment frame solution for residential, light commercial and multi-family applications: Simpson Strong-Tie® Strong Frame.
For more information call (800) 999-5099 or visit us at **www.strongtie.com.**
Look for the Strong Frame Special Moment Frame in 2009.
SIMPSON
Strong-Tie
®
Circle 528 or http://builder.hotims.com
©2008 Simpson Strong-Tie Company Inc. SF08



Air Barriers:

Effective Tools in Green Building

Build Sustainable, Energy-Efficient Buildings with Icynene®

Icynene® soft foam insulation is great for new and existing buildings. When sprayed into walls, ceilings, attics and floors, Icynene® expands to 100 times its original volume and creates a complete air barrier. As a state of the art proven technology, Icynene® supports green building in four ways:

1. LESS IMPACT TO THE ENVIRONMENT
Icynene® uses water as its only blowing agent. The product contains no ozone-depleting substances, PBDEs or powerful greenhouse gases such as HFCs. It does not off-gas over time and maintains its rated R-value and performance levels.

2. BETTER INDOOR AIR QUALITY
Icynene® creates a continuous air-seal to minimize the intrusion of outdoor allergens, odors and pollutants. Combined with proper mechanical ventilation, occupants have greater over control the quality of the indoor air they breathe.

3. IMPROVED ENERGY EFFICIENCY
Icynene® works as an insulation and air barrier to keep the building warm in the winter and cool in the summer. Icynene® alone can reduce airflow by as much as 93% without the need for excess sealing material. Its superior thermal performance and air-sealing properties help reduce heating and cooling loads on mechanical equipment, so building owners can save up to 50% on their energy bills.

4. GAIN LEED AND NGBS CERTIFICATION WITH ICYNENE®
Icynene® is playing a major role helping builders achieve the stringent green building standards established by two major U.S. certification programs: LEED and NGBS. Icynene® can support builder efforts to achieve certification in either green building program by significantly contributing to the categories of Energy, Indoor Environmental Quality, Innovation and Design, Materials and Resource Efficiency and Additional Practices.



Air Barrier in Action: Icynene expands to fill any shaped cavity, sealing all of the gaps and cracks to create a continuous air barrier.

For more information or to contact your local Icynene Licensed Dealer, visit Icynene.com/airsealing.aspx




PRODUCTION SUPERVISOR.
FATHER OF FOUR.
ANIMAL SHELTER VOLUNTEER.
SOFTBALL HOME RUN KING.
The Timberland PRO® Endurance work boot with **Anti-fatigue technology and PowerFit™ comfort system**.
Because your day keeps going when the boots come off.
MEASURE UP™
Timberland®
PRO®
PRO SERIES
Circle 593 or http://builder.hotims.com
Timberland, Timberland PRO, the PRO logo, Measure Up and PowerFit are trademarks of The Timberland Company. ©2008 The Timberland Company. All rights reserved. PRO36429

Builder

VOLUME 31 ISSUE 11 SEPTEMBER 2008







FEATURES

Volume 31, number 11. BUILDER (ISSN 0744-1193; USPS 370-600) is published 14 times per year: monthly in Jan., Feb., May, June, July, Aug., Sept., Oct., Nov., and Dec. and semimonthly in March and April by Hanley Wood, LLC, One Thomas Circle, N.W., Suite 600, Washington, D.C. 20005, for the National Association of Home Builders and printed in the USA. Copyright 2008 by Hanley Wood, LLC. All rights reserved. Opinions expressed are those of the authors or persons quoted and not necessarily those of the NAHB. Reproduction in whole or in part prohibited without written authorization. Single-copy price: $12.00 (except House Plans issues, which are $12.95). Periodicals postage paid at Washington, D.C., and at additional mailing offices. Postmaster: Send address changes to BUILDER, P.O. Box 3532, Northbrook, IL 60065-3532. Member: Business Publications Audit, American Business Media.

DEPARTMENTS

ON THE COVER: GARBETT HOMES' SUMMERLANE AT THE DISTRICT PROJECT FEATURES HIGH-DENSITY TOWNHOMES THAT HAVE HAD HIGH-IMPACT APPEAL WITH BUYERS.

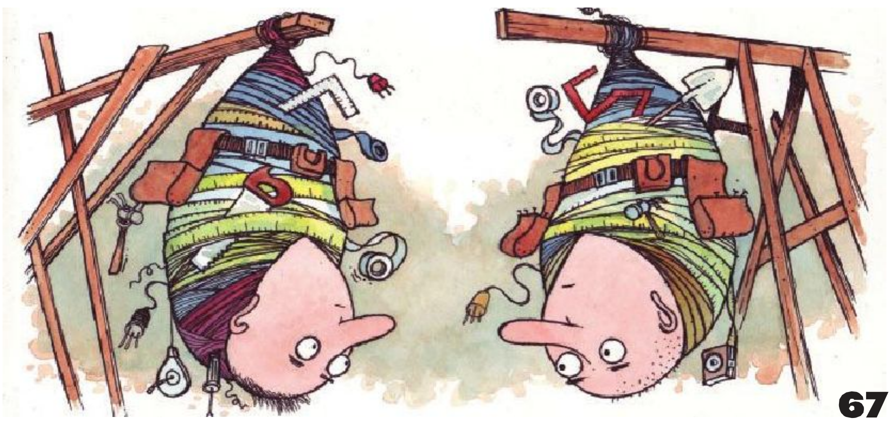
COVER PHOTO: JAMES HOLMES



35



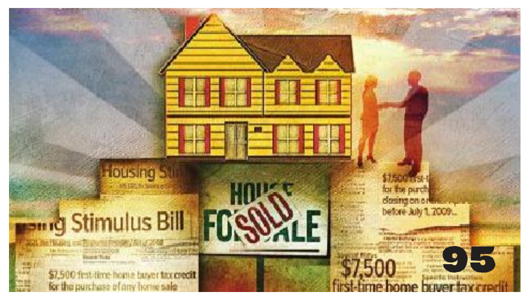
45



67



87



95

WHAT'S NEW ON: WWW.BUILDERONLINE.COM

Builder Online

More Where That Came From

As you delve into this month's feature articles, go even deeper by visiting BUILDER Online to get all of the links and great information we couldn't fit into the pages of the September issue. Be sure to visit www.builderonline.com/collections/fasttrack to see archives of past Fast Track reports as well as downloadable PDFs of charts from previous years. Check out online-exclusive floor plans and photos of the projects featured in this month's design story, "Off the Fence." And if you are seeking more information about business conditions throughout the industry, check out stories about working with banks, organizing your business, surviving the downturn, and other business articles at www.builderonline.com/business. Also, don't forget to watch this month's all-new episodes of BUILDER TV.

COMMENTS, SUGGESTIONS, AND NEWS ABOUT BUILDER ONLINE?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

UPlink // FOR MORE EXCLUSIVE ONLINE CONTENT AND ADDITIONAL STORIES RELATED TO THIS ISSUE'S ARTICLES, VISIT WWW.BUILDERONLINE.COM.



Circle 403 or http://builder.hotims.com



Builder®

hanley▲wood

THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS

BOYCE THOMPSON | Editorial Director • 202-736-3455
DENISE DERSIN | Editor in Chief • 202-736-3341
ERIN MAYES | Art Director
DEBORAH LEOPOLD | Managing Editor • 202-736-3380
ETHAN BUTTERFIELD | Senior Editor • 202-736-3452
JOHN CAULFIELD | Senior Editor • 732-257-6319
PAT CURRY | Senior Editor • 706-543-9268
NIGEL F. MAYNARD | Senior Editor • 202-736-3438
ALISON RICE | Senior Editor • 571-312-7433
JENNY SULLIVAN | Senior Editor • 202-736-3483
CLAIRE KOLTKO | Associate Editor, Copy • 202-729-3553
MELISSA GOLDWEITZ | Senior Graphic Designer • 202-729-3561
SOLA AYENI-BIU | Administrative Assistant • 202-729-3506
JOHN BUTTERFIELD | Editorial Director, e-Media • 202-736-3413
KYLE GUSTAFSON | Senior Web Editor • 202-729-3568
CONTRIBUTING EDITORS | David F. Seiders | William Devereaux | Rich Binsacca | Kathleen Stanley | Ted Cushman | Ivy Zelman

CATHY UNDERWOOD | Director of Production & Production Technologies
AMY DEAN | Lead Production Manager
LAUREN DOBOS | Ad Traffic Manager
JANUARY C. FELDER | Assistant Production Manager
FRED WEISSKOPF | Prepress Manager
BETTY KERWIN | Prepress Coordinator
KEVIN BRIGHT | Prepress Coordinator

CHRISTINA LUSTAN | Circulation Director
JEFF STOCKMAN | Circulation Manager
ANN RUSSELL | Reader Services Manager

HOLLY MILLER | Marketing Director
KIM GROVER | Marketing Manager
KELLY GRIFFITH | Creative Services Manager
STACEY CHATTMAN | Director, Conferences/Seminars
NICKY STERLING | Marketing Coordinator/Seminars

WARREN P. NESBITT | Group Publisher • 202-736-3328
JEFFREY CALORE | Publisher • 202-380-3766

HANLEY WOOD BUSINESS MEDIA

PETER M. GOLDSTONE | President • 202-736-3304
RON KRAFT | Director/Finance
NICK CAVNAR | Vice President/Circulation and Database Development
ANN SELTZ | Vice President/Marketing
NICK ELSENER | Vice President/Production
ANDREAS SCHMIDT | Executive Director/e-Media
ALEC DANN | General Manager/Information Products

PUBLISHED BY HANLEY WOOD, LLC

FRANK ANTON | Chief Executive Officer
MATTHEW FLYNN | Chief Financial Officer
JEFFREY CRAIG | Chief Information Officer
KEN BEACH | Executive Vice President/Corporate Sales
BRAD LOUGH | Vice President/Finance
MIKE BENDER | Vice President/Legal
BILL MCGRATH | Vice President/Human Resources
VIRGINIA JACKSON | Controller

EDITORIAL AND ADVERTISING OFFICES:
One Thomas Circle, N.W., Suite 600, Washington, DC 20005
Phone: 202-452-0800; Fax: 202-785-1974
SUBSCRIPTION INQUIRIES AND BACK ISSUE ORDERS:
888-269-8410 or e-mail: builder@omeda.com
NAHB members please call 800-368-5242 x8546
CIRCULATION CUSTOMER SERVICE: www.omeda.com/custsrv/bldr

Canada Post Registration IPM# 40655599. Canadian return address: 4960-2 Walker Road / Windsor, ON N9A 6J3
POSTMASTER: Send address changes to BUILDER, P.O. Box 3532, Northbrook, IL 60065-3532

Volume 31, number 10. BUILDER (ISSN 0744-1193; USPS 370-600) is published 14 times per year: monthly in Jan., Feb., May, June, July, Aug., Sept., Oct., Nov., and Dec. and semimonthly in March and April by Hanley Wood, LLC, One Thomas Circle, N.W., Suite 600, Washington, DC 20005, for the National Association of Home Builders and printed in the USA.

Single-copy price: $12 (except House Plans issues, which are $12.95). NAHB members receive one subscription at a rate of $15 per year taken from membership dues and nondeductible therefrom. Additional subscriptions may be purchased at the rate of $29.95 per year. Allow 6 to 8 weeks for delivery of first issue. Member: Business Publications Audit, American Business Media.

ASBPE American Society of Business Publication Editors 2007 Magazine of the Year circulation 80,000 or more
ASBPE American Society of Business Publication Editors 2007 National EDITORIAL Gold circulation 80,000 and over
BPA



The difference is diamonds.



Introducing DIAMOND™ Seal Technology. It may look like just another faucet. But it's oh so different—combining a durable DIAMOND™ Valve with InnoFlex™ PEX waterways for **no leaks and a longer life.** The DIAMOND Valve features a disc embedded with real diamonds to last ten times longer than the industry standard.* And the threat of leaks is all but eliminated, thanks to the one-piece InnoFlex PEX supply lines. Once inside the faucet, water is not in contact with metal contaminants. Experience the difference diamonds can make.

diamondsealtechnology.com

DELTA

*Industry standard based on ASME A112.18.1 of 500,000 cycles.

Circle 323 or http://builder.hotims.com

Builder®
THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS
hanley▲wood

SUBSCRIPTION INQUIRIES AND BACK ISSUE ORDERS:
Call 888-269-8410 or e-mail: builder@omeda.com
NAHB members please call 800-368-5242 x8546
FOR LIST RENTALS: 203-778-8700
TO ORDER REPRINTS: YGS Group 717-399-1900
FOR A MEDIA KIT: Janet Allen jallen@hanleywood.com

ADVERTISING SALES OFFICES

JEFFREY CALORE | Publisher
Phone: 202-380-3766 Fax: 202-785-1974
E-mail: jcalore@hanleywood.com

CHICAGO
TIM AHLERING, MARK CULLUM, PATTY MORIN
8725 W. Higgins Rd., Suite 600
Chicago, IL 60631
Phone: 773-824-2400 Fax: 773-824-2401

NEW YORK
PAUL PETTERSEN
65 Walnut Ave.
Rockville Centre, NY 11570
Phone: 516-536-9154 Fax: 516-608-9155

ATLANTA
CLARE STEFAN
4401 Shallowford Rd.
PMB #162-232
Roswell, GA 30075
Phone: 770-998-6328 Fax: 770-998-1289

DALLAS
PATTY MORIN
8725 W. Higgins Rd., Suite 600
Chicago, IL 60631
Phone: 773-824-2427 Fax: 773-824-2540

SAN FRANCISCO
MARK SIMPSON
530 Main St.
Woodland, CA 95695
Phone: 530-661-3567 Fax: 530-669-3021

CANADA
D. JOHN MAGNER
York Media Services
500 Queens Quay West, Suite 101W
Toronto, Ontario, Canada M5V 3K8
Phone: 416-598-0101 Fax: 416-598-9191

E-MEDIA

PAUL TOURBAF | Vice President/Sales and Editorial
Phone: 202-729-3629 Fax: 202-785-1974
E-mail: ptourbaf@hanleywood.com

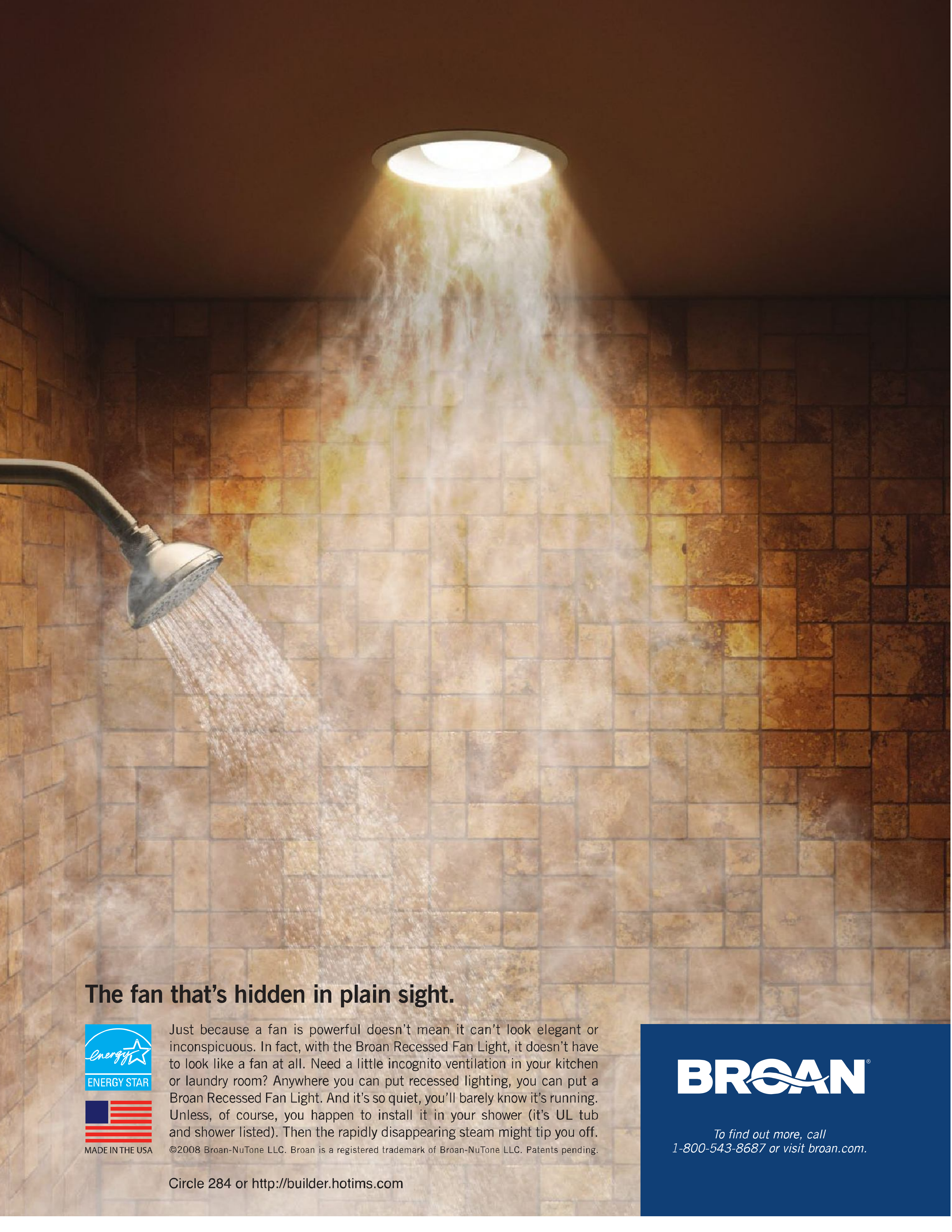
EDWIN KRAFT
e-Media Sales Manager
5908 Northern Ct.
Elkridge, MD 21075
Phone: 443-445-3488 Fax: 202-785-1974
E-mail: ekraft@hanleywood.com

WASHINGTON, D.C.
JANET ALLEN | Executive Director/Account Management
STACY OKORO | Operations Coordinator
BRIAN SHERRY | Account Manager (West)
HALLEY DAVIS | Account Manager (South)
KEN WILSON | Account Manager (North)
BARB BUKATY | House Plans and Building Technology
Inside Sales Account Executives
One Thomas Circle, N.W., Suite 600
Washington, DC 20005
Phone: 202-452-0800 Fax: 202-785-1974

YOLONDA SESSION | Ad Contracts Coordinator

WARREN P. NESBITT | Group Publisher
Phone: 202-736-3328 Fax: 202-785-1974
E-mail: wnesbitt@hanleywood.com


iLevel
TRUE JOIST TimberStrand LSL
SHEAR BRACE
iLevel
Edge Gold
iLevel
Can a tree be the most innovative material in your home? We think it can. Our iLevel® lumber and engineered wood products and specialized design software help builders construct homes that are stronger, while using materials more efficiently and minimizing waste. iLevel products are consistent, reliable and manufactured responsibly from a renewable resource.
To learn more about our innovations in green building and the many things that a tree can be, visit **GrowingIdeas.com.**
Weyerhaeuser
Growing Ideas™
Circle 379 or http://builder.hotims.com


The fan that's hidden in plain sight.
ENERGY STAR
MADE IN THE USA
Just because a fan is powerful doesn't mean it can't look elegant or inconspicuous. In fact, with the Broan Recessed Fan Light, it doesn't have to look like a fan at all. Need a little incognito ventilation in your kitchen or laundry room? Anywhere you can put recessed lighting, you can put a Broan Recessed Fan Light. And it's so quiet, you'll barely know it's running. Unless, of course, you happen to install it in your shower (it's UL tub and shower listed). Then the rapidly disappearing steam might tip you off.
©2008 Broan-NuTone LLC. Broan is a registered trademark of Broan-NuTone LLC. Patents pending.
Circle 284 or http://builder.hotims.com
BROAN®
To find out more, call
1-800-543-8687 or visit broan.com.

Noble Action

It's hard to quibble with the housing bill that emerged from Congress.

ONE OF THE BEST PARTS ABOUT LIVING IN A DEMOCRACY IS being an armchair legislator. If I were in Congress, I would have voted for the historic housing bill. Even though it isn't likely to end the housing downturn, and it forced several major compromises, the bill was a logical response to a housing downturn that has already wiped out a ton of wealth in this country.

The bill is as good for what it didn't contain as for what it did contain. The net operating loss carry-back provision, for instance, that was included in early versions didn't make it into the final bill. It would have disproportionately aided the biggest home building companies, who are already benefiting from accounting provisions that allow them to take paper losses on land. Why should this playing field be tilted any further?

The biggest early impact from the law came from the deletion of down-payment assistance (DPA) programs on FHA-insured mortgages. Many builders had resorted to heavily using these programs in recent months as they pursued cash-strapped first-time buyers. Others stayed away because the FHA and the IRS had been trying to stop their use. The FHA argues that default rates are three times higher on FHA-insured mortgages with DPA.

The loss of these programs seems like the price industry was asked to pay for the new $7,500 tax credit for first-time buyers. There was no way legislators were going to leave in both. Except through September, of course, when buyers can double-dip. That might be enough to kick-start some sputtering markets.

Given the entropy in Congress in recent years, it seems almost incredible that lawmakers could act so quickly to shore up Fannie Mae and Freddie Mac. These government-sponsored enterprises (GSEs) may seem far removed from the day-to-day reality faced by builders, but they are absolutely critical to the housing finance system—in the early part of the year they were buying 70 percent of mortgages written in this country. Without them, there would have really been a liquidity crisis.

Clearly, the home building industry—and everyone's prospects within it—are intimately tied to the nation's mortgage delivery system. When stock prices at Fannie and Freddie went into a free fall this summer, this was a major crisis in the making. The new housing bill gives the Treasury Department the authority to step in and save the GSEs with loans or stock purchases.

Moreover, if you're going to make it all but official that the GSEs are more like federal agencies with direct ties to federal coffers, then maybe some of their profits should be used for a good public policy purpose, such as helping the people who were really left behind during the housing boom. That was the thinking behind the creation of a new rental construction program for low- and very low–income households. Money for the program, which could fund up to $800,000 in projects starting in 2010, comes from profits at Fannie Mae and Freddie Mac.



KATHERINE LAMBERT

Congress also resisted the temptation to bail out every homeowner and lender facing financial crisis. Only people in danger of foreclosure who are spending at least 31 percent of their gross monthly income on mortgage debt qualify for the FHA refinancing program. It's pretty early in the game, but lenders might well go for this program over a short sale or a foreclosure.

The decision to raise the limits on the mortgages that the GSEs can buy and the FHA can insure in high-cost areas was long overdue. Plus, without this change, it's hard to imagine that the bill would have done much to help some of the hardest-pressed and most-expensive housing markets.

It's too bad that it takes a crisis to get reform in the nation's housing policy, but that's the way it always seems to work. Already, some pundits are speculating that the new incentives may cause another boom. This seems unlikely. Given the sunset dates for many of the major provisions—the new tax credit is only good through June, the down-payment assistance programs are going away, the Treasury's line of credit with the GSEs is only good for a couple years—the law seems like a carefully measured response.



BOYCE THOMPSON
Editorial Director
e-mail: bthompson@hanleywood.com

NEW PRODUCT DEVELOPMENT LAB

TEST:
HOW DOES ULTREX RESIST FADING?

RESULT:
MAXIMUM UV PROTECTION WITHOUT THAT COCOA BUTTER SMELL.

ONLINE VIDEO FEED



TEST: 522-813
FADING



Carl .... Official Product Testers .... STU

>CONFIDENTIAL<

Reality Plus

The August issue is one of your best efforts. Max DuPree said, "The first responsibility of an effective leader is to define reality." Most leaders tend to see the world as they would like it to be, rather than as it is, yet the effective leader needs authenticity to maneuver through the realities we face today. Builder magazine is continually demonstrating its commitment to helping define reality, only with a twist. You define reality and simultaneously deliver answers. Your approach positions the publication as a significant solution provider.

MYERS BARNES
President
Myers Barnes Associates
Kitty Hawk, N.C.
Via e-mail



On Environmental Issues

I was upset by the many statements made pertaining to the impending destruction of the planet that were the theme of the July 2008 issue of Builder. The posture you have taken is a virtual endorsement of the environmental movement—complete with references to global warming, depleted natural resources, the doom of our fossil-fuel way of life, saving the ozone layer, and endorsement of smart-growth policies.

All these politically charged issues are disputable. But more than that, all of them are being used to bring to an end the historic home building industry. The single-family detached home as a way of American life is under fire. Needless to say, it is quite disturbing to see Builder magazine join the attack.

There are still many builders who believe in the traditional American dream and the virtue of defending private property rights. We understand that the environmental movement seeks to bring an end to these uniquely American institutions. But who speaks for us? There's a whole body of literature written with good scholarship that you have completely ignored. Perhaps you should devote an entire issue in the future to give a voice to these concerns.

TOM ADAMS
Vice President of Operations
Keller Homes
Colorado Springs, Colo.
Via e-mail

DO YOU HAVE A COMMENT OR QUESTION?
E-MAIL DENISE DERSIN AT:
ddersin@hanleywood.com

Calendar

OCTOBER

6–7

Wood-Plastic and Natural-Fiber Composites 2008, Baltimore

This is a unique forum to learn and to network with key people from around the globe in the wood-plastic and natural-fiber composites and vinyl industry, and to discover your company's most promising commercial and technical opportunities. Contact: www.PrincipiaConferences.com.

9–10

JLC LIVE Midwest, Minneapolis

The leader in hands-on construction education, JLC LIVE provides the perfect showcase for the residential construction market. Delivering the most relevant information, education, and training in the industry, it features many new topics, speakers, and demonstrations—all designed to provide owners, managers, and key personnel with information to increase productivity and profitability. Contact: www.JLCLIVE.com.

13–15

Multifamily Executive Conference, Las Vegas

Whether focusing on design, operations, or management, industry executives must provide strong leadership and a clear vision for their employees and firms. This event is the only conference dedicated exclusively to senior-level executives. The three-day conference draws hundreds of executives who attend for the strong blend of seminars, networking opportunities, award programs, and exhibitions. Contact: www.MFEConference.com.

13–15

Developer Conference, Las Vegas

The new Developer Conference will be located with the Multifamily Executive Conference offering developers, architects, and real estate executives an unparalleled opportunity to attend a wider range of educational sessions, network with more industry professionals, and find a larger selection of the industry's best products and services. Residential, commercial, and mixed-use development will be the core of each session. Contact: www.DeveloperConf.com.

15–16

National Green Builders Products Expo, Las Vegas

The Expo brings you the manufacturers and providers of goods and services related to the building, remodeling, rehabilitation, and renovation of green commercial and industrial structures, as well as single- and multifamily housing. This event brings you face to face with all the green building products you want and need. Contact: www.ngbpe.com.



16–18
StonExpo, Las Vegas

This event is the best place to see and compare the largest selection of stone and stone products from around the world. Delivering the entire stone industry with an expanded range of products for every stone professional, come see the 7,500-plus fabricators, installers, architects, designers, builders, kitchen and bath specialists, retailers, distributors, general contractors, quarries, and more. Contact: www.StonExpo.com.

NOVEMBER

3–5
Big Builder '08 Conference, National Harbor, Md.

Join us for a special election-night Big Builder '08 Conference designed to help you learn from the market and move toward a new era of growth. This year, the emphasis is on pragmatic problem solving based on solid industry intelligence. Learn from expert speakers about economic forecasts and the key drivers of success in the new political landscape. Contact: www.BigBuilder.com.

6–8
2008 Sunbelt Builders Show, Grapevine, Texas

In Texas and the Southwest, local economies are strong and housing prices are among the most affordable in the U.S. Celebrate this good news with your peers at the 2008 Sunbelt Builders Show. Nearly 20 percent of all Americans who moved in the last few years have relocated to Texas, most of them in the Dallas/Fort Worth area. Whether you're marketing products or building and remodeling, Sunbelt offers you a positive business climate in which to learn, network, and have fun. Contact: www.SunbeltBuildersShow.com.

15–20
International Pool/Spa/Patio Expo, Las Vegas

The International Pool and Spa Expo, Backyard Living Expo, and AQUA Show have been combined into one mega show. This event leverages the strengths of all three shows, creating unique opportunities for networking and interaction. This year, 1,000 exhibiting companies will fill 3,000 booths. Attendees include pool and spa builders and installers, retailers, service technicians, landscape architects and designers, custom home builders, and design center professionals. The accredited conference program features 75 seminars. Contact: www.PoolSpaPatio.com.

(see page 26)

BOOKIT

DECEMBER

8-10

Reinvention Conference, Austin, Texas

Reinvention is the only national symposium bringing together the leading thinkers of American architecture to share their visions of how we will live tomorrow. This conference is tailored to meet the needs of today's residential architects, landscape architects, building industry leaders, and thought leaders in the housing community. Attendees will earn 15.25 continuing education credits from AIA. AIA/CES Health, Safety, and Welfare registered seminars are available. Contact: www.ReinventionConf.com.

JANUARY 2009

20-23

International Builders' Show, Las Vegas

With four exciting days full of ideas and products to help grow your business, this is the single most important building industry event that you will attend. This year's IBS will have everything you need, offering exhibitors showcasing their latest products and services; education sessions and programs designed to help you stay current on industry trends and issues; and plenty of opportunities to network and have fun. With thousands of attendees and exhibitors, IBS is the best place to get the tools you need in this challenging market. Contact: www.BuildersShow.com.

FEBRUARY

2-5

Surfaces, Las Vegas

The premier event for the world's floor-covering professionals, Surfaces provides an international marketplace for these products and gives more than 40,000 attendees from around the world an opportunity to connect with major manufacturers in every major product category. With 1,000 exhibitors filling more than 500,000 net square feet with the latest floor coverings, you're sure to find the products your project needs and your customers crave. And the comprehensive, expert-led educational program and on-floor "how to" training sessions will equip you with the information you're looking for. Contact: www.Surfaces.com.

2-6

World of Concrete, Las Vegas

As the leading marketplace for the $84 billion concrete industry, World of Concrete is where commerce and construction converge. In addition to a renowned seminar program, the event features the largest array of concrete and masonry construction products and equipment in the industry including 1,700 exhibiting companies in 800,000 net square feet of indoor and outdoor exhibit space. This mega-event also features the Producer Center, which focuses on the ready mix, precast, prestressed, and concrete pipe markets. Contact: www.WorldofConcrete.com.

3-5

International Roofing Expo, Las Vegas

The International Roofing Expo is the must-attend event for commercial and residential roofing professionals to stay abreast of market directions, trends, and cutting-edge technology, as well as participate in educational events focusing on the latest issues. Attendees include 9,000 roofing contractors, builders, remodelers, building owners, facility managers, consultants, architects, and designers from around the world. The comprehensive educational program features 45 sessions addressing a multitude of roofing industry issues covering technical, business, and workplace safety topics with most sessions offering continuing education hours. Contact: www.TheRoofingExpo.com.

OCTOBER

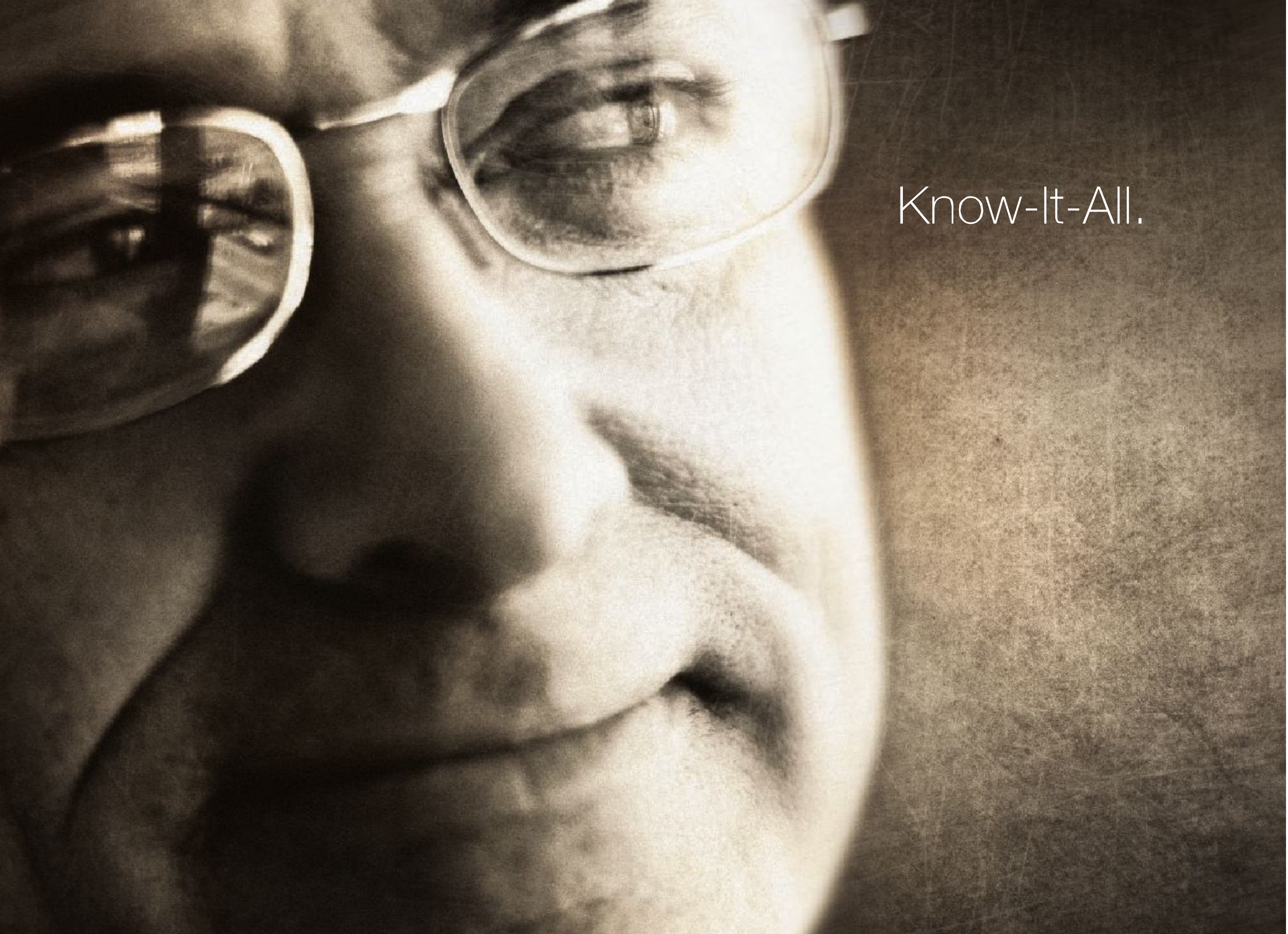
27-30

DeckExpo 2009, Indianapolis

DeckExpo is the premier event in the construction industry dedicated solely to decks, docks, and railings. Now in its seventh year, DeckExpo connects you to the people and products geared at making your business grow. This year, DeckExpo will feature the new Deck Design Competition with leading manufacturers building decks from the ground up on site. Contact: www.DeckExpo.com.

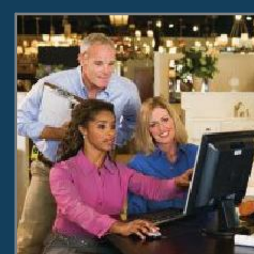
GOT AN UPCOMING EVENT?

E-MAIL CLAIRE KOLTKO AT LEAST 90 DAYS IN ADVANCE AT: **ckoltko@hanleywood.com**


Know-It-All.

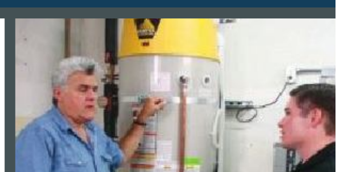

Recycle your
rechargeable batteries
on the job site!
you and your crew use lots
of rechargeable batteries every day.
when they eventually die, recycle
them for free! we'll send you a recycling
box to keep in your truck or at the
office. when it's full, ship the box
back to call2Recycle™ for free!
Go to call2recycle.org and register
for a free recycling box.
Recycle
your rechargeable batteries
your cell phones
Recycle your cell phones here!
call2recycle
Circle 444 or http://builder.hotims.com
You can also recycle at any participating hardware supply store:
ACE Hardware
BLACK& DECKER
THE HOME DEPOT
LOWE'S
makita
Milwaukee
Factory Service Centers
OSH
Complete Home & Garden
Sears
call2recycle.org
A Rechargeable Battery Recycling Corporation program











THE BEST COUNTERTOP ON THE MARKET TODAY. SILESTONE® NATURAL QUARTZ.

Multi-dimensional functionality makes Silestone natural quartz a Cleaner, Safer Surface for all your building needs.


Color: Black Canyon

Silestone's cutting edge technology and R&D make the impossible, possible. Utilizing a revolutionary process, Silestone offers you over 65 stunning colors, exceptional textures and a variety of finishes no other stone company can deliver. Plus, unlike quarried stone Silestone's color consistency from slab to slab will never leave you guessing when it comes to choosing colors for your projects.


Color: Alpina White

Silestone is the only countertop with built-in Microban® protection that safely fights the growth of microbes such as odor-causing bacteria, mold and mildew 24/7 for the life of the product. Silestone is NSF 51 Certified as a safe material for use in areas where food preparation takes place and is GREENGUARD Certified for better indoor air quality because it has low-to-now emission (off gassing) of toxic chemicals into the indoor environment.

ISO 9001 and ISO 14001 Certified, Silestone is committed to respect, prevent, and control the environment in all of its production processes from the extraction and transformation to the distribution of product.


Color: Sienna Ridge

Silestone quartz surfaces are a cost-effective alternative to natural stone, laminates and other surfacing materials and contribute to an environmentally sensible project in keeping with today's "green conscious" building. Builders and designers can gain points toward LEED certification from the U.S. Green Building Council for a project using Silestone Quartz surfacing.

Silestone natural quartz is the cleaner, "greener" countertop.

Circle 545 or http://builder.hotims.com

SILESTONE® by COSENTINO

countertops, floors, walls, mosaics | 866.countertops | www.silestoneusa.com

A Cleaner, Safer Countertop.

INSIDE STORY

Inside:

COMMENTARY AND ANALYSIS OF CURRENT EVENTS ■ EDITED BY JOHN CAULFIELD



RICHARD BORGE

MANAGING CUSTOMERS' EXPECTATIONS

Penny Wise, Pound Foolish

Builders shortening selling hours because of lighter traffic could discourage potential buyers.

McBride & Son Enterprises isn't participating in the downturn. So says CEO John Eilermann, whose Chesterfield, Mo.–based company now keeps open its sales offices for 107 communities an extra hour and asks its sales managers to conduct after-hours call-a-thons to pique possible customers' interest in weekend sales events.

Buyers are scarce, and builders' first line of customer contact—their sales offices and models—can't afford to miss a beat. That's also why The Pinehills in Plymouth, Mass., requires all 10 builders in its 3,000-acre community to keep their 22 models open seven days a week. "In tough times, we want to make the customer as comfortable as possible," says Tony Green, managing director of Pinehills. You better be open, say builders, if motivated customers are spending money on expensive gas to drive to your sales office, especially on a holiday. So when Los Angeles–based Pardee Homes kept the offices for its 45 communities open during the Fourth of July weekend—despite grumbling from its employees—it offered $250 gas cards to anyone who purchased a *(see page 36)*

home. Pardee netted 26 sales that weekend, says Gary Probert, Pardee's vice president of sales. "That was one of our better sales weeks this year."

"You never know when people have the inclination to shop," says Sandra Kulli, owner of Malibu, Calif.–based Kulli Marketing. Yet, more than a few builders have curtailed their field selling efforts during the downturn and on certain days only see customers by appointment. Kulli witnessed this first hand when she and a young customer arrived simultaneously at a builder's model complex at 11:45 a.m. on a weekday only to be told by the sales rep inside that they couldn't enter until 1 p.m. Kulli asked the customer what he was looking for and took him to a subdivision at nearby Foothill Ranch, Calif., where he eventually purchased a house.

The downturn has produced its share of bizarre moments, though few have been weirder than when a top 10 builder hired temps to direct vehicle and pedestrian traffic to its sales office in Riverside, Calif. Unfortunately, observed JoAnne Williams, the builder's sales office was closed. "That's a lack of personnel coordination," says Williams, who owns Irvine, Calif.–based JWilliamsStaffing, which provides sales help to builders. Williams also notes that some builders are leaving customers stranded when they substitute live contact with business cards on a sales office door for local resale reps "who may or may not know anything about [the builder's] product," a tactic she's seen some builders resort to in Phoenix.



"You never know when people have the inclination to shop."—Sandra Kulli, owner, Kulli Marketing

There are, of course, legitimate reasons for builders to scale back their field sales. "It's an allocation of resources question," explains Jeff Shore, president of Auburn, Calif.–based Shore Select, a sales training specialist. In mid-July, for example, Shore spoke with a client in Seattle whose sales office had only three visitors in the past month. But after checking in with other builders, Shore says he found that the tendency to reduce selling hours "is more widespread than I thought."

Bill Probert, Gary Probert's brother and a former John Laing Homes executive who is now a sales consultant, thinks builders need to be more proactive about asking customers when they prefer to shop "and adjust their hours accordingly." Face-to-face interaction is indispensable now that "conventional modes of advertising aren't working," says Desiree Davis, vice president of sales and marketing for M/I Homes in Columbus, Ohio. M/I requires its sellers to prospect for leads, and they have been joining different local networks, such as the Columbus Young Professionals Group, and veterans' organizations through which the builder offers discounts to soldiers returning from tours of duty overseas. The Pinehills snags new leads through various events such as art exhibits and jazz festivals. These events and its other accommodations seem to be effective as Pinehills' sales this year "have been holding up," Green says.—*J.C.*

ENVIRONMENTAL ISSUES

Bump in the Road

Re-evaluating a conservation easement puts one of Pulte Homes' active adult communities on the right path.

This June, Pulte began taking orders again for Celebrate by Del Webb, an active adult community nestled within the 2,400-acre Celebrate Virginia master plan along the Rappahannock River in Fredericksburg, Va. Pulte plans to build 1,100 homes on 240 acres here. But two years ago, this project fell into a ditch when environmental issues brought the subdivision to an abrupt halt.

"The delay actually worked to our advantage and made Celebrate bigger and better," says Shawn Evans, vice president of operations for Del Webb's Mid-Atlantic division, who notes that initial sales have been brisk. But it probably didn't seem that way in September 2006 when county supervisors forced Pulte to put the project on hold after the builder had presold 137 customers who expected to move into their new homes that summer.



DOUBLE DUTY: A 6,000-square-foot Discovery Center serves as a meet-and-greet sales office by day and a gathering spot for residents after hours.

ILLUSTRATION: RICHARD BORGE; PHOTO: COURTESY PULTE HOMES

Three years earlier, Pulte had asked The Silver Cos., Celebrate Virginia's master developer, to carve out room for a Del Webb community. Silver had previously worked with Pulte on Falls Run by Del Webb, another active adult neighborhood in Fredericksburg. And Celebrate Virginia, which bills itself as the largest retail resort on the East Coast, had emerged as one of that market's premier projects. "It is a drop-dead gorgeous location," says Tony Sala, Silver Cos.' executive vice president.

Stafford County approved a generalized development plan that *(see page 38)*

allowed for around 1,400 active adult units on land Silver sold to the builder. Pulte diverged from the plan when it attempted to move water management ponds that defined a conservation easement. At the time, Pulte believed it had an understanding with the county that it could modify the easement restrictions; the county thought otherwise. So while the changes Pulte started making affected only a handful of lots and 500 feet of an eight-mile road, the county's supervisors in September 2006 voted 6-1 to send the builder back to the planning commission, according to the *Free-Lance Star*, a local newspaper.

Pulte resubmitted a plan that rerouted the subdivision's entrance roads, but the process delayed completion of the community for more than a year. Evans says the delay gave Pulte pause to rethink the project, which now has more open space than originally planned including 20 miles of hiking and walking trails. Del Webb markets Celebrate as "more of a pristine, natural community," says Evans. To strengthen that image, Pulte applied to certify Celebrate at Del Webb under the NAHB's green building standards.

Del Webb now markets Celebrate as a "more pristine" community.

When the project stalled, Pulte offered buyers their money back. Forty of them, however, rode it out with the builder and have since moved into one of the few active adult communities in the area that include a golf course. The homes range from a two-bedroom, 1,269-square-foot model selling for $249,900 to a three-bedroom, 2,919-square-foot unit selling for $379,900. Three of the six models come with lofts. A 6,000-square-foot Discovery Center doubles as a sales office and, during off-hours, a meeting place for residents.

Celebrate at Del Webb's primary marketing tool has been the Internet, and it's been drawing interest from a wider area than Evans anticipated: Through early July, half of its buyers were from out of the area including two from Washington state.—*J.C.*

GOT AN INSIDE STORY?

E-MAIL JOHN CAULFIELD AT:
jcaulfield@hanleywood.com

ENVIRONMENTAL ISSUES

Nose Dive

Lot liquidations by big builders drive down finished lot values in Southern California.

Lennar's blockbuster land deal with Morgan Stanley last year may have had more impact on setting the bar for future land values than most analysts at the time thought it would. That's one conclusion Mackey O'Donnell draws from the sharp declines in finished lot values that Southern California is experiencing. O'Donnell is president and CEO of Irvine, Calif.–based O'Donnell/Atkins, California's largest land broker. The accompanying chart is based on data his company culled from closings in 2004 and 2005, and in 2008 from closings and residual analyses of what buyers have been willing to pay for lots.

"The data tell me that what people are willing to pay for finished lots is less than the value of improving them," says Boyd Martin, a partner with Market Profiles, a consultant and research firm in Santa Ana, Calif., that worked with O'Donnell/Atkins on assembling the chart.

O'Donnell agrees with builders and developers who assert that land prices are still falling. In Temecula, Calif., for example, finished lot prices in June 2008, at $125,000, were roughly at 2001 levels. In a presentation on distressed land he delivered in Las Vegas in June, O'Donnell detailed a case study of a land deal his company completed in Chino, Calif., for $20.5 million in 2007. If that land were marked to June 2008 market value, it would have sold for $6.78 million, he estimates.

What's driving this has been the willingness of production builders to mark down lots "quicker and more realistically" than lenders have done. The catalysts, he says, include the Morgan-Lennar deal, where the builder sold 11,000 homesites for 40 percent of their $1.3 billion book value; Centex's sale of 8,500 lots (out of 25,000 it put up for bid) for $161 million, compared to their book value of $528 million and their original worth of $900 million; and a land deal by Standard Pacific at the end of its last fiscal year that the builder completed to realize tax benefits. (O'Donnell made his comments before Merrill Lynch, in late July, sold a portfolio of mortgages for what amounted to 22 cents on the dollar.)

O'Donnell believes continued pressure from eroding home prices will drag finished lot values down more before the market hits bottom sometime next year. He also expects public builders to conduct another round of land sales over the next several months to cash in on tax lookbacks for their 2006 earnings. "It will be the last bite at the apple for them."—*J.C.*

MARKET PROFILES

SUBMARKETS	PERCENT CHANGE 2004 TO 2005	PERCENT CHANGE 2005 TO 2008
Chino	13.21%	-51.67%
Perris	33.3%	-62.50%
Lake Elsinore / Wildomar	45.45%	-70.83%
Menifee / Winchester	14.29%	-65.00%
Hemet / San Jacinto	88.00%	-78.72%
Temecula / Murrieta	20.00%	-53.70%

SOURCE: O'DONNELL/ATKINS AND MARKET PROFILES

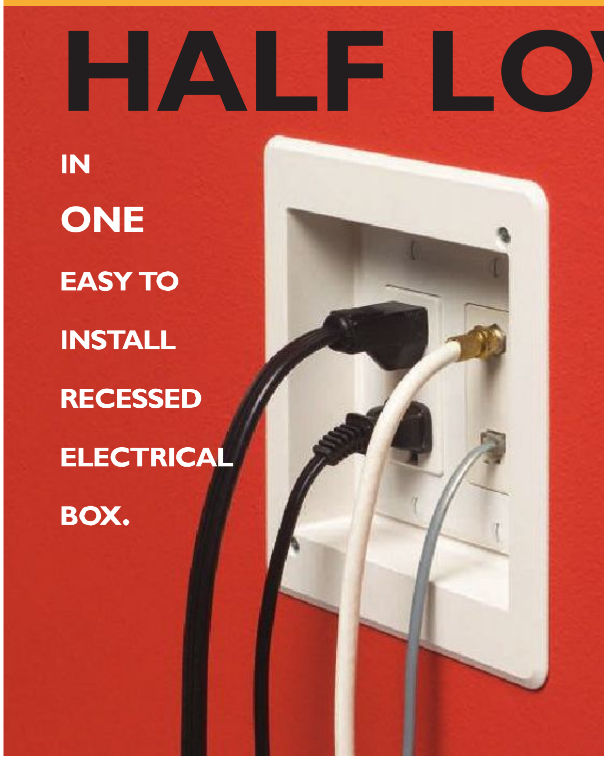
SINKING FAST: Land values in Southern California took a steep dip in the first half of this year as builders liquidated distressed real estate at more realistic prices.


Kitchen designed by
Marcy Adler Wells, CKD
NKBA Design Competition Winner
Erik Nelson

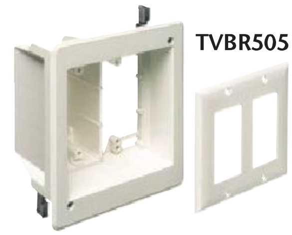
HALF POWER.

CSA w/ grounding lug only

HALF LOW VOLTAGE.



Arlington's recessed two-gang **TV BOX**™ for old work allows you to mount LCD and plasma TVs, and other system components flush against the wall.



TVBR505

This two-gang box is a combo box with half 110V for power and half low voltage for Class 2 wiring of satellite or cable TV, speakers, surround-sound, etc.

Mounting "wings" tighten against the wall board to hold the box firmly in place. There's no wobble. *Plugs stay inside – don't protrude past the wall!*

Secure installation. Good looks. A great finish.

Fast, easy installation of power & *low voltage devices!* Mounting "wings" hold box firmly in place.



NON-METALLIC FIXTURE BOX

with ADJUSTABLE DEPTH for BRICK or STONE



8141ALP

Installing a fixture box in a brick or stone wall just got easier with Arlington's new adjustable depth box!

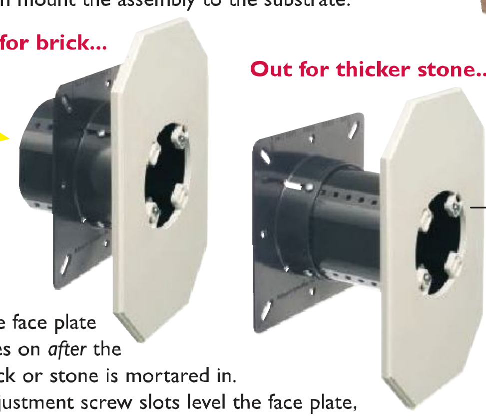


Installation is fast and easy, and it looks great too. Start by determining the thickness of the stone or brick. Adjust the box to the proper depth, then mount the assembly to the substrate.

NEW!

In for brick...

Out for thicker stone...



Face plate with adjustment screw slots for perfectly vertical mounting

8141ALP

Patent pending

The face plate goes on *after* the brick or stone is mortared in. Adjustment screw slots level the face plate, so it's always perfectly vertical on the wall. Clean too!

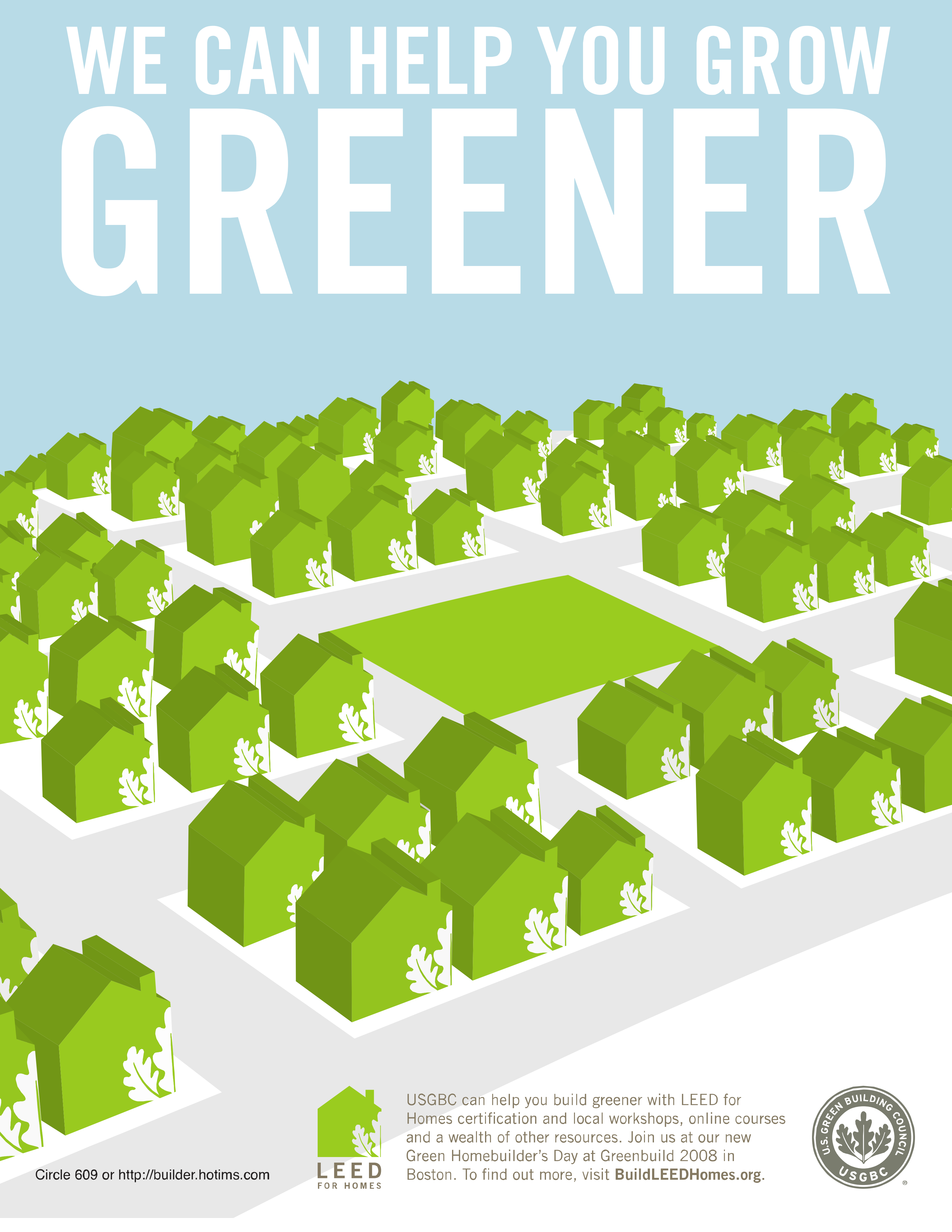
- Versatile depth adjustment for 1-1/2" to 5" material thickness
- Easy installation
- Paintable face plate

Arlington

800/233-4717 • www.arlnew.com • Fax 570/562-0646

Circle 261 or http://builder.hotims.com


INVITE POSSIBILITY.
OLD WORLD
SUBTERRA
URBANA
MEGA-ARBEL
Circle 577 or http://builder.hotims.com
DISCOVER A NEW WORLD OF SHAPES, STYLES AND TEXTURES.
Belgard's ever-expanding universe of paver and wall collections offers endless possibilities for creating hardscapes certain to leave even the most discerning clients starry-eyed.
For a free 2008 Belgard Catalog, call 877-Belgard or visit us at BELGARDFALL.COM
BELGARD®
HARDSCAPES
BE PREPARED FOR COMPANY™


WE CAN HELP YOU GROW
GREENER
USGBC can help you build greener with LEED for Homes certification and local workshops, online courses and a wealth of other resources. Join us at our new Green Homebuilder's Day at Greenbuild 2008 in Boston. To find out more, visit BuildLEEDHomes.org.
LEED FOR HOMES
U.S. GREEN BUILDING COUNCIL
USGBC
Circle 609 or http://builder.hotims.com

TOPSHELF

THE LATEST AND GREATEST BUILDING PRODUCTS ■ EDITED BY NIGEL F. MAYNARD



Step Up

The GoPro universal stair system makes it faster and easier for contractors to cut stair stringers on site. The system includes left side, right side, and bottom brackets made from 16-gauge hot-dipped galvanized steel, and the brackets feature scale markings indicating the staircase rise and run. ■ **Cost: $4.50 per piece. GoPro Construction Solutions. 877-577-4142. www.goproconstruction.com. Circle no. 100.**

Light Touch

This showerhead is a whimsical little number that offers a change of pace. The temperature-controlled Shower Light shines a corresponding stream of LED light as the water temperature varies, so users will know when the water is ready. It goes from blue (for cold) to red when the water reaches 89 degrees. The device generates its own power as water flows through the turbine, so it doesn't require batteries. ■ **Cost: $49.95. Hog Wild. 888-231-6465. www.hogwildtoys.com. Circle no. 102.**





Zap It

Zap primers help block stains and odors before top coat is applied. Designed for new or existing construction, the products offer one-coat application and come in an interior-exterior latex primer that is low in volatile organic compounds and an interior oil-based version. Quart, gallon, and five-gallon sizes are available. ■ **Cost: $9.98 to $12.98 per gallon. Valspar Corp. 612-332-7371. www.valsparglobal.com. Circle no. 101.**



Flex Time

EverClean flexible duct has a liner and reinforced, metalized vapor barrier that provide a double air seal to prevent leaks and save energy. The Energy Star–rated duct resists mold and mildew growth and has earned the GreenGuard certification for improving indoor air quality. ■ **Cost: $80 to $100 per carton. Thermaflex. 800-459-4822. www.thermaflex.net. Circle no. 103.**

(see page 46)

Fit to Print

TileArt allows builders to use ceramic tile to complement a variety of design themes. The tiles feature high-resolution graphic imagery that capture the look of a hand-painted product. The finish is permanent and durable, and the tile comes in various styles including French Country and Asian. ■ **Cost: $15 to $25 per square foot. Imagine Tile. 800-680-8453. www.imaginetile.com. Circle no. 104.**





Clean Corners

Details, especially corners, are usually where siding installation shows its true quality. Kwik Corner, a vinyl siding accessory, allows contractors to finish corners around windows and doors with a cleaner look. Available in more than 150 colors, it produces corners with a seamless and watertight finish. ■ **Cost: $7.99 for four. RLC Technologies. 866-781-5945. www.kwikcorner.com. Circle no. 106.**

Cuts Both Ways

It's no longer necessary to score both sides of wallboard. BladeRunner is a handy little tool that will cut both sides of drywall simultaneously. It has two independent cutting halves so that when the top half moves, the bottom half, following the top with a high-strength magnet, makes a clean cut in the exact same pattern. ■ **Cost: 79.99. CertainTeed. 866-562-4229. www.goldblattbladerunner.com. Circle no. 105.**





Drive Fast

Underlayment installation can be tough on the back and knees, but not with the Quik Drive PROCGB combo system with auto-feed attachments. Allowing installers to stand as they work, the product increases productivity while cutting down user fatigue for quick and easy installation of cement board, fiber-cement, and gypsum underlayment. ■ **Cost: $381.67. Simpson Strong-Tie Co. 800-999-5099. www.strongtie.com/quikdrive. Circle no. 107.**

KNOW OF A NEW PRODUCT?

IF YOU'VE TRIED A COOL NEW PRODUCT YOU THINK WE SHOULD KNOW ABOUT, E-MAIL NIGEL F. MAYNARD AT: **nmaynard@hanleywood.com**

UPlink // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.


AT&T Connected Communities
Put tomorrow's technology in your plans today.
Technology is always changing. You want to know that what you have today won't be obsolete tomorrow. AT&T Connected Communities℠ ensures that your homeowners have all of the high speed Internet, Advanced TV, and voice necessities of modern living. AT&T's state-of-the-art network, incorporating fiber technology, delivers next-generation services to your communities. Call today and maximize the value of your community both now and for the future.
To learn more, call 1-888-899-9048
or visit att.com/communities
The new at&t
Your world. Delivered.℠
© 2008 AT&T Intellectual Property. All rights reserved. AT&T, the AT&T logo and all other AT&T marks contained herein are trademarks of AT&T Intellectual Property and/or AT&T affiliated companies.
Circle 265 or http://builder.hotims.com




©2008 Wayne-Dalton Corp.



BRANCHING OUT: Where duct runs branch, triangular or square distribution boxes can be site-built to suit the need.

DUCTWORK OPTIONS

Airobatics



STAN JOHNSON
President
Stan's Heating and Air Conditioning
Austin, Texas
www.stansac.com

COURTESY STAN JOHNSON

Q: Heating and cooling contractors in my area can install flexible-duct systems for less than they charge to use metal duct or fiberglass duct board. But is it smart for me to choose that lower-cost option in a high-performance house?

A: Insulated flexible ducts are usually the least costly choice for a heating or cooling duct system. And yes, when they're properly sized, laid out, and installed, flex-duct systems can perform as well as any system out there. But you have to be careful about quality control. Low-ball HVAC contractors who sell strictly on price usually install flex duct because it's the cheapest product. But those lowest-bid operators also tend to hire unskilled, low-wage helpers and cut corners on installation—and sloppy or thoughtless installation of any duct material can leave you with a system that doesn't perform as intended. So if you want quality—but at your best price—flex duct is a good choice; just be careful whom you choose as your HVAC installer.

For more information on ductwork quality control, Builder turned to Stan Johnson, a second-generation HVAC pro who helped with a major overhaul of the industry's national standard for air-conditioning system design, ACCA Manual J—an effort that culminated in 2003 with the publication of Manual J8, the current version.

Like most contractors in his market, Johnson relies on flexible duct for virtually every job. "There is absolutely nothing wrong with the flex-duct system," he says, "as long as it's designed properly and put in properly." Flex duct costs less because it's quick and easy to install, he observes. "But unfortunately, because it is so easy to do, people who don't know what they're doing think that they can just throw it up there. We see that all the time."

In Austin, Texas, however, a new municipal code requires all HVAC duct systems to be tested for leakage and correct airflow as part of the building inspection process. When you test *(see page 52)*

any duct system, says Johnson, "you figure out really quickly what does and does not work."



STRAIGHT SHOOTING: For best airflow, this duct is stretched to full length and well supported with no kinks or sharp bends. The temporary fiberglass plug will keep dirt out during construction.

COURTESY STAN JOHNSON

FIGURE LOADS ACCURATELY

So what's the right way to run flex duct? The job starts with a load calculation using Manual J8, explains Johnson. Compared to the old Version 7 (which dates back to the 1980s), the new manual incorporates a much greater level of detail about building characteristics.

Because the calculations are so detailed, says Johnson, contractors rely on computerized versions of the manual. Supplied with all the necessary facts about each room—volume, wall dimensions, insulation levels, window type, and window and wall orientation—the software figures heating and cooling loads on a room-by-room basis and provides a recommended size for the furnace or air conditioner.

SIZE DUCTS CORRECTLY

Once all the room loads are estimated, most Manual J software packages let the user design duct systems with a few more mouse clicks. "If I tell my computer what kind of ductwork I'm going to put in—duct board, sheet metal, or flex duct; perimeter system, spider system, or trunk-and-branch-line system, whatever it's going to be—it will sit there and calculate all the proper size ducts in a matter of minutes," says Johnson.

In the field, contractors can do duct design with a handheld duct calculator that works like a circular slide rule (the best-known brand is Trane's Ductulator). But it's important to use a calculator that is calibrated for the duct material you're using. If the contractor uses the answers for a sheet-metal system when he's really installing flexible duct, he'll end up with undersized ducts; the corrugations in flex duct create friction in the duct and the diameter has to be larger to compensate.

INSTALL SYSTEM CAREFULLY

Even if they're sized right, air ducts won't perform properly unless they're installed correctly. "You have to make sure the runs are put in straight, that they're pulled out to their full length and not allowed to kink, that they don't have multiple bends in them," explains Johnson. "You have to hold the installers to a standard of pulling the lines tight and supporting them and not allowing sags. I've been in this business for years, and I'm still always amazed at how you can take a duct and straighten out its bends or curves and make it work better and deliver more air."

In one recent case, Johnson was testing a system's airflow before a house was drywalled. "The total CFM was pretty much right on target, but we had one trunk line from the second-floor attic down to the first floor that was not getting the right amount of air." The installation crew had introduced multiple 90-degree bends into that run of duct. "They were going diagonally across a floor truss system, and every 16 inches, they would take another bend and go through another truss." Each 90-degree bend adds the equivalent of 20 or 30 feet of length to a duct's air resistance, he notes. "So they had an equivalent length of about 200 feet for a 15-foot run." Rerouting the duct run so it went straight through all the trusses, then made one bend and ran the length of one void between two trusses, made the duct run look about 5 feet longer; but the change reduced air resistance in the duct by at least 80 percent.

When inspections catch this kind of mistake, Johnson notes, the installers get a chance to learn better practices. "We made the crew that did it go back out and fix it," he says. "The next time they do it, they'll get it right."

SEAL CONNECTIONS TIGHTLY

The final key to duct performance is air sealing. This step is easier with flex duct than it is with metal or duct-board systems, Johnson observes. "In the field, the worst leaking systems are typically sheet-metal duct systems, not flex-duct systems. It's harder, and it takes longer to seal up a metal system because flex duct comes in 25-foot lengths. You only have a joint every 25 feet instead of every 5 feet."

In Austin, where duct inspections are mandated by code, installers have adapted, according to Austin-based building performance consultant Doug Garrett. "Ninety-nine percent of the ducts in Austin have been installed with duct-sealing mastic for the last seven or eight years," says Garrett. "That's just the way we do it. They cut the hole in the plenum, and they put the mastic around it, and they put the start collar up into the mastic and embed it. Then they put mastic around the draw band, and they pull the inner liner up, put a zip tie on it, and squish it down into that bed of mastic. Then they pull the outer jacket up, mastic the outer jacket to the plenum and bingo, they're done—mastic at three locations. The vapor barrier is sealed; the inner liner is sealed; and the start collar is sealed to the plenum. None of it's going to come off. You're done for 60 years."—*Ted Cushman*

HAVE A CONSTRUCTION QUESTION?

E-MAIL DENISE DERSIN AT:
ddersin@hanleywood.com










ENERGY • WATER • INDOOR AIR QUALITY
WORKING TOGETHER TO MAKE A SUSTAINABLE DIFFERENCE.
THE INSIDE ADVANTAGE™
Whirlpool CORPORATION
SUSTAINABLE ™

GREEN HOUSE

SUSTAINABLE DESIGN, CONSTRUCTION, PRODUCTS & SALES ■ EDITED BY RICH BINSACCA



COLORFUL KITCHEN: The home's interior is a mix of bright colors that take advantage of ample natural light and an open floor plan.

WES STEARNS

LOW-IMPACT DESIGN

Lakeside Living Green

An extensive addition makes a minimal impact on its Lake Norman, N.C., lot while promoting a comprehensive approach to green design and building.

One look at Jennifer Pippin's new home and design studio in Sherrills Ford, N.C., near Charlotte, and your first thought isn't necessarily, "That's green." But looks are deceiving. The 4,459-square-foot structure is built almost entirely on the foundation of a previous 1,200-square-foot home to preserve the bulk of its lakeside lot. The only significant new impact is the two-car garage and connecting spaces Pippin and her two colleagues added during the project; they also upgraded the parcel with erosion-control measures and native landscaping.

Pippin salvaged wood from the original home's roof sructure, among several reuse and recycled-content materials and products employed in the project—an important lesson for new-home builders looking to go green. "A sustainable home is a holistic system," she says. *(see page 60)*

PATH to Green

The Partnership for Advancing Technology in Housing (PATH), by definition on the forefront of finding and promoting better building practices, offers a handful of principles for effective sustainable housing development. The PATH Guide to Green Building (free online at www.pathnet.org/sp.asp?id=22280) outlines the top five as: resource and waste management, energy-efficient system integration, resource-efficient plumbing, indoor air quality, and low-impact development.

Pilot Towns

Ten cities across the country will participate in the American Institute of Architects' (AIA) Sustainable Design Assessment Team (SDAT) program this year. Community leaders, city planners, and other local development professionals will work with architects from around the country to address neighborhood revitalization, ▸

transportation infrastructure challenges, and air and water quality now and in the future. Detroit (pictured); Tampa, Fla.; New Orleans; Fort Worth, Texas; Windsor, Calif.; Morristown, N.J.; Parma, Ohio; Fellsmere, Fla.;



Kauai, Hawaii; and Leon Valley, Texas, made the cut to receive SDAT technical assistance in 2008, the third year of the program. To learn more about the AIA Center for Communities by Design or the SDAT program visit http://www.aia.org/liv_sdat.

Tipping Point

The value of green home building has tipped and is expected to double by 2012, according to a report released in May by McGraw-Hill Construction and the NAHB. Specifically, the green housing niche is expected to be worth up to $20 billion (or about 10 percent of the overall market) this year and will balloon to perhaps a 20 percent share and a value nearing $70 billion in four years. In addition, 40 percent of builders today say green building is helping them sell homes in slow market conditions and that quality has emerged as the most important reason ▸

"Every single detail has an impact."

Pippin created a long list of those details, from fly-ash-content concrete for the garage foundation and retaining walls to advanced framing techniques that reduced construction waste. She also reused the original kitchen cabinets in a new "drop zone" area between the garage and the main living area; specified durable, recycled-content, low-maintenance metal for the home's siding, roofing, and trim; and added solar panels for supplemental electricity and hot water.

To address indoor air quality issues, Pippin masked all of the HVAC registers and return vents during construction and cleaned them out prior to occupancy to keep dust and debris out of the system, installed HEPA-rated filters and clean-source ventilators to refresh the air, and exhausted a trio of fireplaces to the exterior, also fitting them with fresh air intakes. The new garden room, located immediately adjacent to the garage, is conditioned, sealed, and ventilated to exhaust any nasty emissions before they make their way into the main living areas.

Those specs added up to a whole-house system that qualified for federal Energy Star certification and is likely to pass the state's independent HealthyBuilt Homes program standards. Pippin also followed the NAHB's model green building guidelines, but completed the house before the association implemented its rating system.

Many of the ideas and applications of green building contained in the project have already dispersed beyond the home's borders, thanks mainly to the personal tours and promotional events Pippin has hosted since finishing the project in January. "When we started [in mid-2006], there weren't a lot of local resources for green building products," she says. "Now, we're flooded with green products in this market."

She also nurtured a stable of trade contractors to respond to green housing demand that's sure to crop up as a result of the project and ongoing promotional efforts. "We had to educate every contractor about our goals and definition of green standards," she recalls. "We needed to point out what was important for them to do to achieve the overall goal."



FARM FRIENDLY: The home's contemporary take on the classic barn shape recalls Pippin's childhood and the local architectural context. A liberal use of durable metal finishes promotes the home's lasting appeal.

"A sustainable home is a holistic system. Every single detail has an impact."—Jennifer Pippin, owner, Pippin Home Designs

One key example was the HVAC sub. Pippin insisted that he run calculations for the amount of glass, room sizes, and the home's orientation to the sun, among other considerations, to properly size the heating and cooling equipment instead of simply relying on a per-foot formula. "It makes the house more comfortable and costs far less for the [typically downsized] equipment and its energy use," she says.

Aesthetically, the new house resembles the farm buildings Pippin grew up in and around, but at the same time it addresses other, often neglected aspects of green building she chose to incorporate, including universal design. "It is a home that is sustainable because it is durable, flexible, efficient, accessible, and rejuvenates us and everyone who visits it," she says. "Each person must define for themselves what is green to them and how far they want to take it."—*R.B.* *(see page 62)*

PHOTOS: LEFT: MAVRINAC.COM; RIGHT: WES STEARNS

GREEN HOUSE

for building green, as opposed to energy cost savings or pure eco-altruism. "It's official. Green has gone mainstream," says New Mexico builder Ray Tonjes, chair of the NAHB's Green Building Subcommittee. The results are included in a new issue of the McGraw-Hill Construction SmartMarket Report series, available now at www.analyticsstore.construction.com.

Green Reading

This may not appear as an Oprah's Book Club selection, but *Contractor's Guide to Green Building Construction*, by Tom Glavinich, and *Sustainable Design*, by Daniel Vallero and Chris Brasier, are two more resources for a green builder's library. The first title presents the business fundamentals of various competing green standards (without endorsing any) and offers multiple checklists, worksheets, and other tools addressing all phases of a green project. The second title provides readers with the scientific principles needed to guide their own sustainable design decisions and understand the interdisciplinary nature of sustainable design. Go to www.wiley.com for more information.

UPlink

//: TO READ MORE STORIES ON GREEN BUILDING, GO TO WWW.BUILDERONLINE.COM/GREEN.



OUTSIDE THE BOX

The Geometry of Green

Knowing the right angles can reduce a home's carbon footprint.

KEEP IT SIMPLE. THAT'S THE advice from most green building gurus, especially regarding a home's footprint. The fewer corners in a structure, the fewer materials (and labor) required to build it.

Unfortunately, few builders actually stick to that logic. Instead, they add telescoping sections, dormers, and complex corners that erode resource efficiency. And, it turns out, even a simple square may not be the most efficient shape after all.



NEW LOOK: An octagon, say some green building experts, makes more efficient use of materials and energy resources while providing better views and daylight than a standard footprint.

Allen Dusault offers a different angle on the subject. Applying "simple physics" and referencing a relatively obscure, 150-year-old book on the topic, the program director for Sustainable Conservation in San Francisco argues that geometric shapes such as hexagons and octagons are actually more efficient to build and operate than today's floor plans, including even simple squares and rectangles. "It has to do with the three-dimensional forms of these shapes and using uniform modules," says Dusault.

In terms of the materials used to construct a building and the amount of volume that needs to be heated and cooled, he says, there's approximately 25 percent more wall area for a rectangle or square than for a comparably sized octagon.

More building material for conventional shapes and those that do not adhere to uniform modules or dimensions, Dusault says, results in more "embodied energy" in the building, a significant portion of the structure's total lifecycle energy consumption.

Meanwhile, a higher percentage of surface area requires more fuel to heat and cool a building, while also exposing its exterior to a greater amount of maintenance and repair.

Lastly, when the building's life ends, more material must be torn down and hauled away. "We pay added environmental and energy costs not once, but four times over the life of the structure," he says, compared to a more-efficient building geometry that is uniformly designed and built.

Arguing against the status quo for shapes or designs, however, is generally unpopular and (for now) less marketable and profitable. "No one is going to build something a buyer doesn't like or want," says Dusault.

But just because builders and home buyers are attached to standard home shapes and features doesn't change physics, says Dusault; surface area still matters. "The good news is our taste in building geometry is largely learned. We can shift our preferences in building shapes, as we have with automobiles, but it will require more than just waiting for a change," he says.

A first step, says Dusault, is to recognize the benefits of efficient geometries and then incorporate them into our sustainable building vernacular, namely green building programs and rating systems. "That could start a whole new wave of creativity," he says, "When we think of green architecture, we need to start thinking outside the box."—*R.B.*

GOT GREEN PROJECTS, PRODUCTS, OR DESIGNS?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

PHOTOS: COURTESY MULTI-FACETTED HOMES





Builder's Advantage



Luxury Madison™
GD70 Direct Vent Gas Fireplace

LHD48
High Definition Linear Gas Series™

Deluxe Starfire™
GD80 Direct Vent Gas Fireplace

From traditional to contemporary, from luxury to designer concepts... Napoleon® has the product.

Napoleon® partnerships are built on strong foundations that provide the building industry with quality, innovative products... easily installed into your architectural designs. Award winning choices your customers will thank you for.

Circle 419 or http://builder.hotims.com

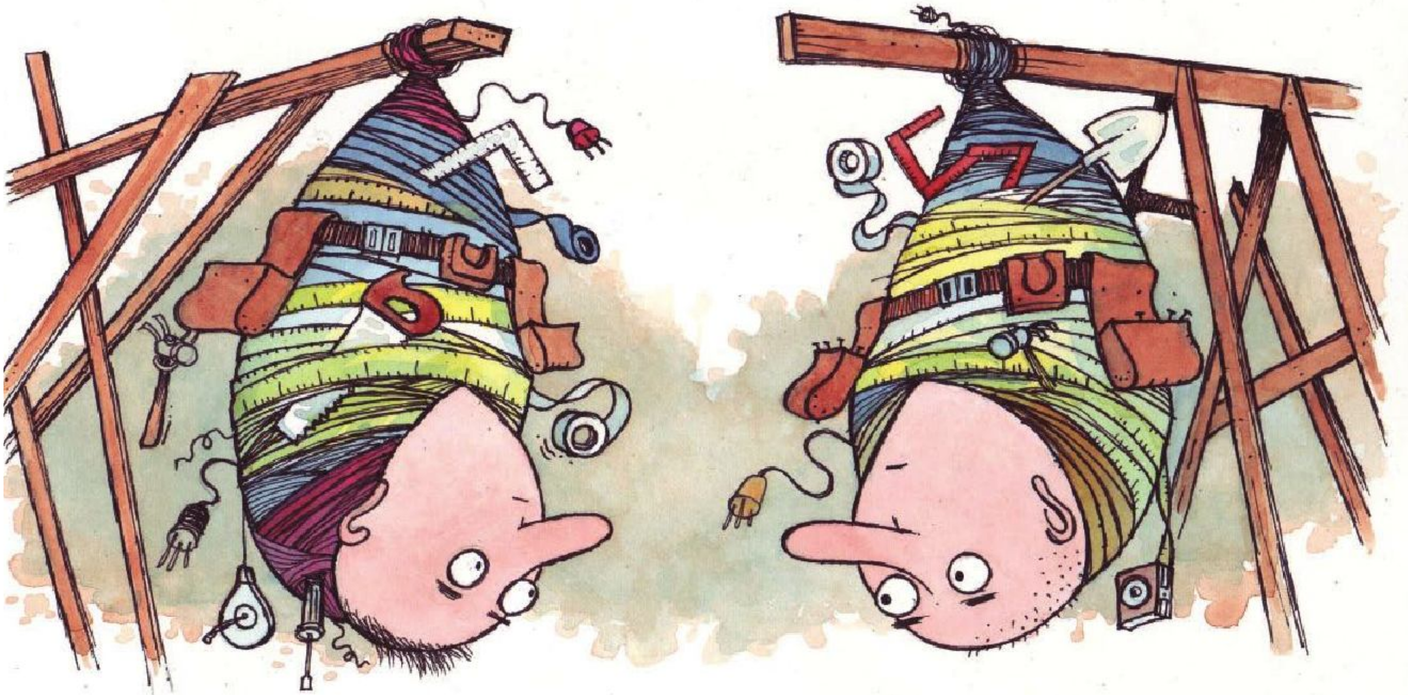
To experience Napoleon's full line of high efficiency fireplaces, stoves, inserts, waterfalls and outdoor products visit napoleonfireplaces.com or call 1-800-461-5581.

NAPOLEON®
QUALITY FIREPLACES
Award Winning Products

BUSINESS UPDATE

Inside:

FINANCIAL MANAGEMENT & OPERATIONAL STRATEGIES ■ EDITED BY ETHAN BUTTERFIELD



DAVID CLARK

DOWNTURN SURVIVAL

Cocoon Theory

Game plan for failing builders: Shut down operations to wait for a better future.

Ennis Homes was on course to flourish in 2005. Riding the crest of the housing boom, Brian Ennis' Porterville, Calif.–based company had built new division offices in Fresno and Bakersfield, Calif., and bought enough land to grow from doing 300 to 500 homes a year into a 1,000-unit-a-year juggernaut.

But before Ennis opened in Fresno, the market went south and the company had to shutter it and the Bakersfield division and retreat back to its headquarters office.

"We had all the office furniture, computers, we had a phone system, we were wired in so we could do video conferencing—we were ready to rock and roll," Ennis, the company's president and CEO, says in a monotone. "We had to shut it down and never even moved in."

In two years, Ennis Homes shrank from a company of 130 employees and $140 million in revenue to a staff of 50 with revenue of maybe $50 million—as bare bones as he could make it, Ennis says.

But as he watched the market nosedive in 2006, Ennis would have made an even more drastic move if possible.

"If we could have just pressed the pause button and stopped, we definitely would've done that and then come back when things improved," Ennis says. He thinks cocooning would have been an option but for all the land the company bought in preparation for its growth plans, and the bank loans it took on to make the purchases.

Cocooning, an idea pitched by numerous industry consultants over the last 12 months, would have a builder fire almost all its staff, sell off all or almost all assets, and suspend operations until market activity improves. The builder, who might spend the downtime shopping for land deals using money gained by selling off assets, could then rehire staff or hire new staff, buy distressed assets, and resume operations when the market started to improve.

Such a move is not for everyone. Ennis, in order to keep up with *(see page 68)*

the company's debt payments, is planning to build through the down cycle. He will sell off commercial property the company has developed, as needed, in order to keep the home building operation afloat.

One major reason he decided against shutting down, even temporarily, was family.

"We've been at it a long time, and our vision was that this is a business that was going to be generational and carry on into the future," he says. "So it's very difficult to just pull the plug and stop."

Which builders can cocoon depends on where their debt is, how many people they employ, and how many on-going projects they have. In particular, if a builder has debt with banks, it may be nearly impossible to suspend operations, unless the banks are willing to take less than what their loan is worth, an unlikely proposition.

"They need to be dealt with, and they like to be paid," says Steven Friedman, Ernst & Young's national director of housing. "So the question is, do you pay them off in part? Do you pay them off at a discount? They're not going to allow you to sort of cocoon the operation without dealing with them on a real-time basis."

Large public builders, which have Wall Street debt, might be able to cocoon divisions—keeping one person in a market while the company otherwise pulls out. But a public builder has far too much inertia to stop building entirely, not to mention stockholders who would never stand for it.

Medium-sized builders, such as Ennis Homes, may be in the worst position to try cocooning, and banks are the reason. Truly small builders, those doing just a few homes a year, may be in the best position to make such a bold move.

"It's easy for a small-volume builder because you have a superintendent, a bookkeeper, and yourself," says Chuck Shinn, president of Littleton, Colo.–based Shinn Consulting. "You don't have a whole bunch of land or a whole bunch of land debt."

But no matter the size of the builder, there will be complications. Even an operation that has been shuttered must have somebody to manage lingering aspects of the company: watch over assets not sold off; maintain owned office space; manage warranty issues; and handle post-employment and insurance benefit problems of former employees. There's also the matter of having to pay off all the costs incurred while closing up shop.

"There are lots of issues to think about, it's not a simple process," Friedman says.—*E.B.*

REVAMPING THE CONSTRUCTION CYCLE

Facing the Future

A new builder aims to take "construction" out of home building.

New Englanders Jack McBride and Bob Wildes are out to fundamentally change both the way homes are built and how a home building company functions with the launch of a hybrid modular green builder: ABODE.

McBride and Wildes, principals of New England developer Commons Development, have been tinkering with their design and construction processes for several years, incorporating modular components and panelizing into the homes they build around New England.

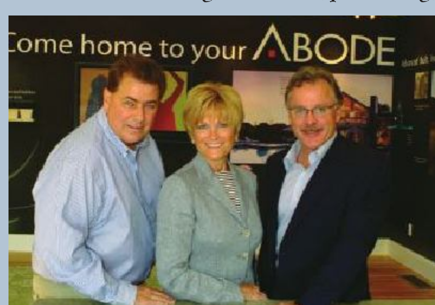
By launching ABODE in July in Nashua, N.H., McBride and Wildes are committing whole-hog to a new system of building, one where sections of homes and panelized parts of homes will be constructed in modular factories, shipped to a site, then erected incorporating custom finishes done by hand in a more traditional manner.

McBride is so confident in ABODE's potential for success that he isn't shy about discussing his plan to phase out Commons Development and do all future developing and building under ABODE.

"We are fully committed—this is how we're building homes in the future," McBride says.

Because the process is so streamlined, ABODE will not have to hire additional project managers, estimators, supervisors, or subcontractors as they bring new projects online, and the time between contract and closing will be only 140 days.

"We are looking at the modular manufacturers as our primary subcontractors for framing, electrical, plumbing, whatever they can do," McBride says.



PRINCIPALS: Pictured from left to right are Bob Wildes, Sue Hawkes, and Jack McBride.

ABODE has three styles of home it will offer: an interpretation of a Colorado-style lodge, a traditional New England farm house, and a cottage or bungalow design. Each design will be customizable with no pre-set square footage or price.

The homes will all be Energy Star, LEED, and NAHB National Green Building Program certified. ABODE is also using locally sourced wood and other supplies for the interior finishes. And constructing the homes in factories will result in far less building waste.

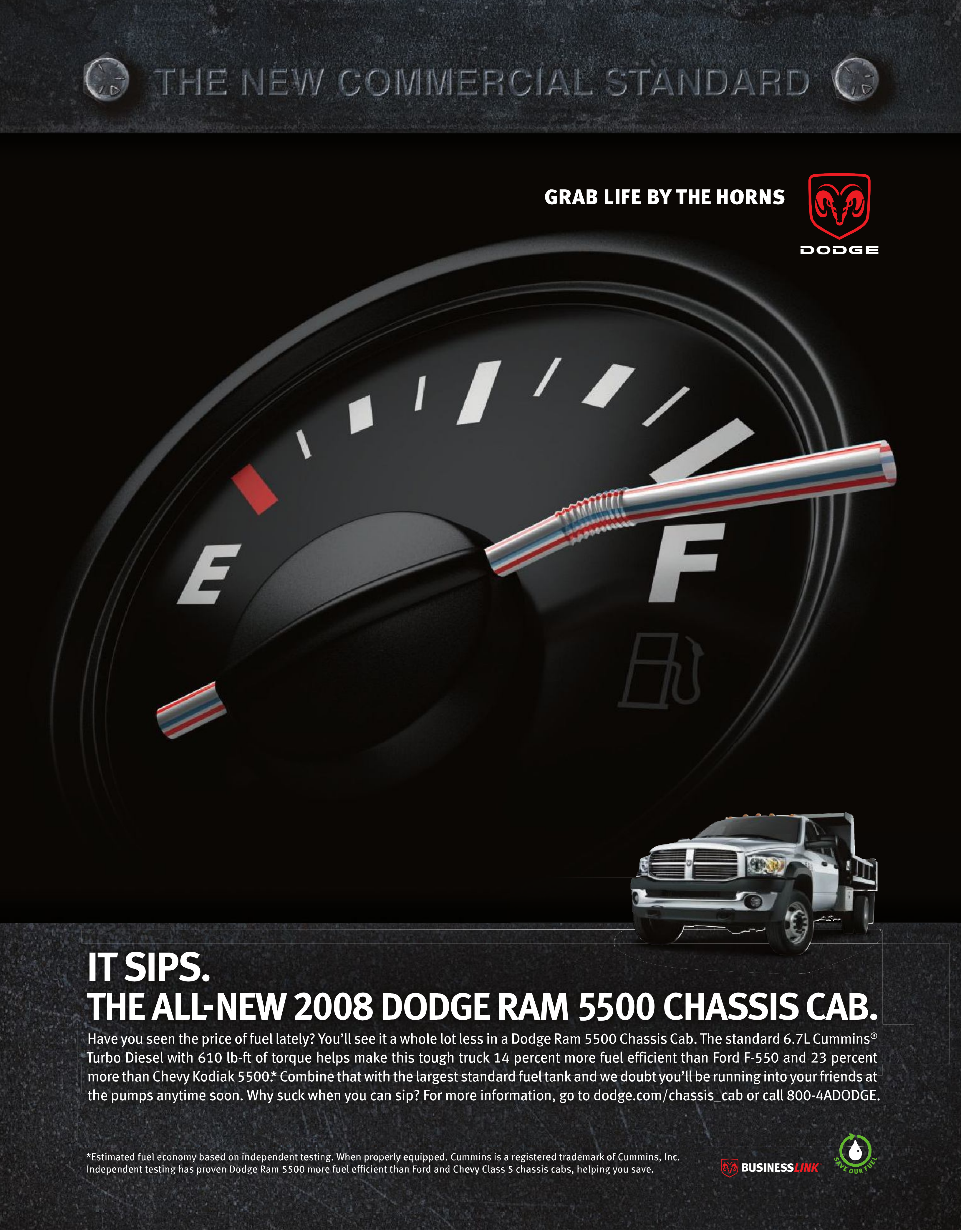
ABODE already has signed deals with two manufacturers and will try to work out agreements with other factories to prevent supply limitations. Maintaining a consistent supply of modular parts is going to be essential because ABODE has ambitious growth plans including branching out into light-commercial and institutional housing construction.

On the residential side, ABODE expects to take its low-hassle design and build process to New England ski resorts, beach communities, and even the forests of western Massachusetts, says Sue Hawkes, the third principal at ABODE and CEO of marketing firm The Collaborative Cos. in Burlington, Mass.—*E.B.*

HAVE BUSINESS TIPS OR STRATEGIES TO SHARE?
E-MAIL ETHAN BUTTERFIELD AT: **ebutterfield@hanleywood.com**

UPlink // TO VIEW ADDITIONAL BUSINESS STORIES, GO TO WWW.BUILDERONLINE.COM/BUSINESS.


Engineered for complete water protection.
Water is a builder's worst enemy unless you protect your home with AdvanTech® panels from the start. Engineered to provide greater water resistance than other OSB and plywood products, they resist swelling, warping and delamination. With no sanding needed—guaranteed*—you'll be on and off the job site more efficiently. And their uncommon strength won't be compromised under tough conditions. We go to great depths for your peace of mind—visit engineeredtoperform.com/bld or call 1.800.933.9220.
AdvanTech
FLOORING & SHEATHING
Circle 366 or http://builder.hotims.com
*Limitations and restrictions apply—visit huberwood.com for details. © 2008 Huber Engineered Woods LLC. AdvanTech is a registered trademark of Huber Engineered Woods LLC. Huber is a registered trademark of J.M. Huber Corporation. HUB404-08/08
another innovation from HUBER ENGINEERED WOODS


THE NEW COMMERCIAL STANDARD
GRAB LIFE BY THE HORNS
DODGE
E
F
IT SIPS.
THE ALL-NEW 2008 DODGE RAM 5500 CHASSIS CAB.
Have you seen the price of fuel lately? You'll see it a whole lot less in a Dodge Ram 5500 Chassis Cab. The standard 6.7L Cummins® Turbo Diesel with 610 lb-ft of torque helps make this tough truck 14 percent more fuel efficient than Ford F-550 and 23 percent more than Chevy Kodiak 5500.* Combine that with the largest standard fuel tank and we doubt you'll be running into your friends at the pumps anytime soon. Why suck when you can sip? For more information, go to dodge.com/chassis_cab or call 800-4ADODGE.
*Estimated fuel economy based on independent testing. When properly equipped. Cummins is a registered trademark of Cummins, Inc. Independent testing has proven Dodge Ram 5500 more fuel efficient than Ford and Chevy Class 5 chassis cabs, helping you save.
BUSINESSLINK
SAVE OUR FUEL

SALES STRATEGIES

TIPS AND TACTICS FOR SALES SUCCESS ■ EDITED BY PAT CURRY

SALES MANAGEMENT

Coaching Skills

Today's sales managers need a complex set of abilities to succeed.

IT'S NOT UNUSUAL FOR A BUILDER TO LOOK TO HIS OWN SALES staff when he needs to hire a sales manager. While it might be tempting to give the position to his top producer, that's probably not the best person for the job. The customer-focused skills that make a person a great closer are quite different from the ones needed to keep a staff inspired, educated, and prepared to sell (see "Master Closers," May 2008, page 158, or check it out online at http://www.builderonline.com/sales/master-closers-may.aspx). While sales associates need to master the sales process, build rapport and trust with buyers, and be relentless at prospecting and follow-up, sales managers need to be able to set the proper goals for their teams and give them the tools to achieve those goals.

"Salespeople are funny," says Leigh Staley Tarullo, a former division vice president of sales and marketing for Ryland Homes who has since founded 3D New Home Sales Systems. "The very qualities that make them great salespeople make them very hard to manage, but despite what they say, they want to be led. It's tough for a lot of managers to do."

Here are 10 attributes of a great sales manager:

1 PASSION. This is also one of the top qualities of a master closer and the only one that can't be taught. Without a passion for the home building industry, it's impossible to lead and inspire a team, Tarullo says.

2 INTEGRITY. Combined with passion, these are the two most important qualities for a sales manager. "They need that core," Tarullo says. "If they don't have those, they shouldn't be in sales management."

3 POSITIVE ATTITUDE. It's up to a builder's leadership to put smiles on the faces of the sales team and set the tone for the company.

4 COACHING. Seventy percent of a sales manager's time should be spent coaching, either in groups or one on one, Tarullo says. Any sales manager who says the workload doesn't allow that kind of time with the staff needs to examine how the day is being spent and ditch or delegate any activity that doesn't affect lead generation or conversion.

5 LEADERSHIP BY EXAMPLE. "The sales manager should be out on the sales floor with his people," says Jim Capaldi, director of sales for the Ventura division of Standard Pacific Homes and author of *The Ultimate New Home Sales Success Manual*. "That's where you're most productive. Lead by example, make them accountable, push them, and get them out of their comfort zone."

6 LOYALTY. Sales managers need to go to bat for their sales team members, says Debbie Dompke, sales manager for Chicago-based Lexington Homes. "Let them know you're on their side," she says. "When they know you're sincere, it's amazing the work ethic you'll get in return."

7 AVAILABILITY. Dallas-based sales trainer Bob Hafer says paperwork has to be done, but it can't be used as an excuse "to not do the tough stuff." It's easier than dealing with people, to be sure, he says, adding, "Administrative tasks never talk back to you." When he was a sales manager, he got to work at 7 a.m. and spent two hours on paperwork before the phone started ringing. Then, when the sales centers opened, he was available to work with his sales teams in the field.

8 MOTIVATION. This includes encouragement and recognition. Dompke says she does this in "so many ways—contests, games, dancing, singing, dressing up. You laugh together and play together."

9 CONTINUOUS LEARNING. Doctors, accountants, attorneys, and other professionals keep learning their whole lives in order to keep their skills up to date. Sales managers need to do likewise. "When you don't grow," Capaldi says, "you *(see page 76)*



leave the door open for someone else."

10 LISTENING AND COMMUNICATION. This is an underpinning for most of the other qualities. You can't be a good coach or motivator if you're not a good communicator; and you can't continuously learn, lead by example, or demonstrate loyalty without being a good listener.

"Years ago, the sales manager's job was about paper management, organization, and managing the interest lists," Capaldi says. "Now, it's about keeping the sales team accountable, motivated, and focused on the basics of selling. I always preach to people that real estate sales is the hardest job to be good at and the easiest job to fail at."

And Tarullo feels that the sales manager's job is the key to that success. "I think it's the toughest job in the business because you have to wear so many different hats," she says. "You need to be a disciplinarian but also a coach and a motivator."—*P.C.*

Green Sells

Home buyers at all income levels are increasingly interested in purchasing a house with green features. According to preliminary findings in a new study to be published this fall by the U.S. Green Building Council and McGraw-Hill Construction, **70 percent of the buyers surveyed said they were more or much more inclined to buy a green house over a conventional home in a down market.** Plus, important for builders to know if they are expanding into remodeling, environmental benefits (lower energy bills or better air quality) was the top



reason cited by buyers for remodeling a house, beating out both comfort and improving the appearance of the house. The full report, "The Green Consumer: Driving Demand for Green in Homes," will be released this fall.—*P.C.*

UPlink

FOR MORE SALES AND MARKETING STORIES, VISIT WWW.BUILDERONLINE.COM/SALES.

Retirement Postponed

People are working longer and postponing retirement, according to Dr. Gene Warren, a Phoenix-based economist who specializes in public policy issues and the mature market. In studying the most recent data from the U.S. Census, Warren says that **the percentage of 65-year-old men who were retired declined in 2006 for the first time in almost a century.** Since the data predates the current economic downturn, Warren cited the changes in social security and healthcare benefits, the volatility of financial markets, the desire for new career paths, and increasing mobility of baby boomers as factors in the shift. Warren says the data suggest that the traditional view of retirement—leaving the workforce at age 65—is "changing right before our eyes." For more information, visit www.twaaconsulting.com.—*P.C.*

PRODUCT TEST DRIVE

Print Preview

Office Depot's large-format printing delivers.

BUILDER IS APPROACHED REGULARLY about reviewing products that would be of interest to our readers. We think it makes a lot more sense to have builders try them out. This month, we share the results of a test of Office Depot's new large-format printing services. Many thanks to Rob Lee, a partner at Chesapeake Development in Chamblee, Ga., and to Office Depot for providing $200 worth of printing services for the test.

Here is Lee's review:

Chesapeake is a small home building company that is committed to quality and unique design. Because of my background in architecture and design, we carry this commitment through the creation of all of our sales and marketing material. We really try to create concise and unique collateral that reflects the characteristics of our company.

With that in mind, we are always searching for printing companies that will accommodate our desire for quality, yet understand that we have to prepare these pieces to fit within our budget.

We were excited and slightly apprehensive when we discovered that Office Depot was offering large-format custom printing and mounting services. We are accustomed to working with small printing companies who are local to the Atlanta market, but we often pay a premium to those small companies, reflected either in actual cost or time to deliver a print job. We were hoping that Office Depot would offer great pricing due to its size, but wondered if we would get technicians and designers who would understand our needs.

After speaking with Cynthia at the Office Depot printing desk, I quickly realized that commitment to customer service was at the core of its business. I asked questions pertaining to types of prints available, mounting options, and pricing, and Cynthia completely understood the objective and offered additional design services.

She said that if everything was as I had described, printing and mounting the job on a 24-inch-by-36-inch piece of foamcore would be simple. She said the job would be ready in two to three days and that someone from Office Depot would call to let us know when the job was ready for pickup.

I signed the order form and hoped that the location map that we needed for the opening of a sales center in a new community would really be ready in time and look good. We were extremely busy finishing the model home, and I actually missed the call from Jon at Office Depot the next day. About four days after initially dropping off my file to be printed, I stopped by the Office Depot store to see when the print would be ready.

Jon quickly told me that the print had been ready for a couple of days and that he had called and left messages at my office. ... Jon pulled my print; I reviewed it against the sample I had left them and verified that I was happy with the print.

The colors were bright and vibrant, and the mounting was smooth and clean. ... I paid the invoice and left completely satisfied and confident that my next print job would be just as painless.—Rob Lee

WOULD YOU LIKE TO REVIEW SALES AND MARKETING PRODUCTS AND SERVICES FOR BUILDER?

E-MAIL PAT CURRY AT: **pcurry@hanleywood.com**





Brick: Concord

Gravitational Pull

Mounting floods of foreclosures continue to pull home and land prices down. **BY IVY ZELMAN**

WITHIN TWO WEEKS OF IT BECOMING CLEAR THAT THE passage of the housing bill would become a reality, public home builder stocks rallied 15 percent on average, while the S&P 500 gained 5 percent. While the broader market rally has also been driven by a pullback in oil prices, I believe that the builders' outperformance has likely been propelled by optimism that the housing bill will stabilize both pricing and demand.

Furthermore, the recent rally has also been supported by improving existing-home sales in select MSAs, which many have interpreted as a sign of market stabilization. While I believe that any improvement in sales is a positive, much of the current resale activity in these markets has been driven by distressed sales such as REOs and short sales, which have contributed to the significant home-price deterioration witnessed in many former hotbed markets.

Despite the strong stock performance, feedback from our private builder contacts indicates that market conditions in July took another significant leg down with continued deterioration in sentiment, absorption trends, pricing, and margin. In addition, surging foreclosures, the pending elimination of seller-funded down-payment assistance, rising mortgage rates (compounded by the GSEs' reduced appetite for loan purchases), and the continued contraction in the availability of bank capital all foreshadow additional pain on the horizon, in my opinion.

While many public builders have argued that foreclosures do not directly compete with new homes given the quality differential, 64 percent of our private builder survey respondents believe that they are losing market share to foreclosures. While I am unsure of how many of these buyers are primary users versus investors, I believe that a significant amount of these foreclosures are being purchased by investors; this has led to significant incremental price declines that become the comps for the market, shattering many potential transactions as appraisals for primary buyers fall well below asking prices.

In our most recent private home builder survey, 29 percent of contacts believed that pricing had reached a bottom. Many of these respondents cited improving affordability (i.e., price-to-rent, price-to-income) as their primary cause of optimism. While affordability has historically been an accurate way to predict a potential bottom in pricing, I believe there are two reasons these metrics may not be suitable this time around:



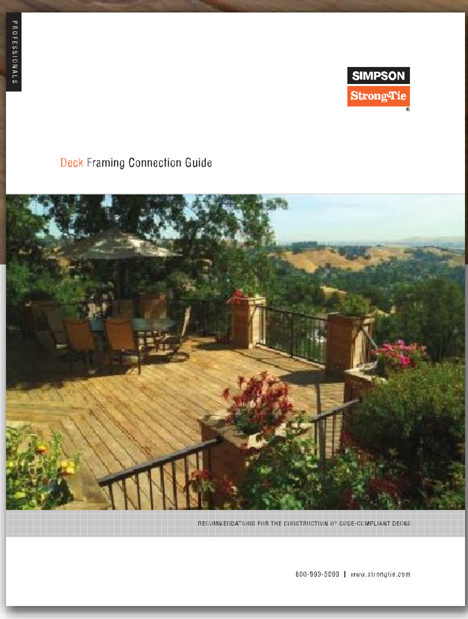
First, banks continue to slash prices on the huge overhang of REO inventory, pushing appraisal comps lower; and second, there is an unprecedented level of over-levered consumers who do not have the ability to make a down payment or qualify for a loan in today's tightened mortgage market.

In my opinion, incremental price deterioration will also be partially driven by rising competition from foreclosure sales, which have grown to represent 50 percent to 90 percent of resale activity in markets such as the Inland Empire, Las Vegas, Merced, Calif., and Sacramento, Calif., to name a few. I expect national new-home prices to fall at least another 8 percent over the next 18 months, with declines of 15 percent to 20 percent expected on the existing-home side due to rising foreclosures.

For market participants looking for a possible inflection point in the housing downturn, I believe that actions taken by the banks will prove to be the best indicator of future trends and conditions in the new-home market. As land values continue to deflate and regulators put more pressure on banks to reduce their exposure to construction loans, I expect this to lead to a significant contraction in capital for home builders and developers, ultimately pushing many to the brink of failure or forcing these builders to fold-up shop as the economics no longer justify building the next incremental unit. While these builder failures will likely result in additional land deflation as assets are liquidated, I believe that this will create a longer-term opportunity for well-capitalized builders.

IVY L. ZELMAN
CEO
Zelman & Associates
Cleveland
email: ivy@zelmanassociates.com







SIMPSON Strong-Tie®

A growing number of deck failures have emphasized the need to build decks to meet code requirements just like any other structure. To help design structurally safe, code-compliant decks Simpson Strong-Tie introduces our *Deck Framing Connection Guide*. The guide recommends structural connectors and provides best practice guidance based upon specific building codes.

Understanding the critical connections on a deck has never been easier.

To request a copy of the *Deck Framing Connection Guide* call (800) 999-5099 or visit www.strongtie.com/safedeck.

Learning Curve

What doesn't kill you makes you stronger—right?

EVERYTHING WE HEAR ON THE STREET THESE DAYS TELLS US this home building crash is the worst in U.S. history. Consider the absolute drop of units, the percentage fall in sales volume, or the velocity downward and nothing tops it. The losses from big public builders down to local independents are staggering. Bankruptcies are filed daily among builders, suppliers, manufacturers, and trades alike. You can bet more than 50 percent of the individuals who developed, financed, built, sold, and serviced homes just three years ago have now fled the industry. Meanwhile, foreclosures are tearing families apart.

We can and should spend time examining how we got into this mess. It's essential that we face facts to avoid another such calamity. But we cannot stop there, because what ultimately matters is what we do with this experience—what we learn from it—and how we use that knowledge to guide us going forward. Experience is, after all, the best teacher, right? Well, maybe.

Pause for a moment and consider two salespeople you know well, or two superintendents, division presidents, or any two people in similar roles with 10 to 15 years in home building. They both have the same years of experience, yet it seems to you that one has learned a great deal while the other has learned comparatively little or perhaps even the wrong things. Who hasn't witnessed one person with five years of experience who has learned far more than another person in the same role for 20 years? How does this happen?

Larry Wilson, founder of Edina, Minn.–based Wilson Learning Worldwide, one of the largest training companies in the world, explained that those who rise above life's most difficult obstacles have a skill that many others do not: *They have learned how to learn from their experiences.* Each of us has experiences and the opportunity to learn from them, but do we? You'd assume anything as big as this housing crisis should be a no-brainer in the learning department, correct? Think again.

Recall the savings and loan scandal of the late 1980s that destroyed hundreds of S&Ls and brought down Charlie Keating and his friends. Skip forward 10 years to the late '90s and you encounter the Enron debacle, closely followed by Tyco, WorldCom, etc. Today, we have the mortgage meltdown and daily news of troubled banks and financial markets. What's infuriating from both the investor and consumer viewpoints is that, thematically, all of these scandals are identical. Whether they involved land contracts, pipelines, gas wells, consumer cable contracts, or mortgage paper, each was about monetizing assets into far more dollars than they were worth by tricking people into buying them as inflated investments.



Did we learn from those experiences? Clearly not. How many more companies, communities, and lives must be ruined before we engage in the kind of critical thinking that will prevent another round of carnage in the next decade, just wrapped in a new package? I suggest the first step is for us all to take some responsibility. There is ample blame to go around from Wall Street to builders to government regulators to mortgage companies to the borrowers themselves. The litany of gross mistakes and even outright fraud is appalling, yet often the complicity is more subtle, buried in our day-to-day activities.

The good news is that as a result of this crisis, many have become open to new ways of thinking. The principles of lean operations, for example, have been available to the industry for two decades yet are only now being grasped by a few builders motivated to address efficiencies and waste in a meaningful way. But when markets turn up again, will we forget what we learned and revert to the old ways? Sadly, that is the norm.

An old saying applies in tough times such as these: "What doesn't kill you, makes you stronger." But to that, I add: The experience you survive only makes you stronger if you have the willingness to learn from it.

SCOTT SEDAM
CEO
TrueNorth Development
Northville, Mich.
email: scott@truen.com

UPlink // TO READ MORE FROM SCOTT SEDAM, VISIT HIS BLOG, "THE LEAN BUILDER" AT WWW.BUILDERONLINE.COM/BLOGS/SCOTTSEDAM.

PRODUCTS

PRODUCTS AND TOOLS EVERY BUILDER SHOULD KNOW ABOUT ■ EDITED BY NIGEL F. MAYNARD



GENERATION NOW: The redesigned RS12000 residential generator has a weather-resistant enclosure and can power a 4-ton air conditioner while operating at only 64 decibels—about the volume of a vacuum cleaner. Constructed with a polypropylene base, the system offers remote monitoring from inside the house or over the Web. ■ **Cummins Power Generation. 800-888-6626. www.cumminsonan.com. Circle no. 108.**

AIR COOLED: The newest product in the company's line of home generator systems, this 20-kilowatt unit boasts a 993cc Big Block air-cooled engine and 28,000 watts of starting power. It will supply enough automatic backup power to manage two 5-ton air-conditioning units as well as other power requirements. An optional high-efficiency upgrade is available for additional power. It operates at 68 decibels. ■ **Eaton Corp. 877-386-2273. www.eaton.com. Circle no. 109.**



Off the Grid

What will your buyers do when the power goes out?

Home buyers generally filter options and upgrades through the same lens: Items are either needs or wants. They want the whirlpool tub, but they need a washer and dryer. Recently, manufacturers of backup generators have seen a surge in interest for their products based on this same concept: Homeowners see backup power as a need for when the utility is down.

"The market [for backup generators] has been growing dramatically for the last five years," says Clement Feng, executive vice president and chief marketing officer for Waukesha, Wis.–based Generac Power Systems. "The product became better known after the hurricanes of 2004 and 2005 and after the blackout of 2003."

SYSTEMS GO

Simply put, a backup generator supplies emergency power when the grid goes down. A system consists of a gas- or propane-powered unit that is connected to an automatic transfer switch and to the home's main distribution panel. Constantly monitoring the incoming voltage, the generator senses a power loss and activates automatically. At the same time, the transfer switch closes the utility line and opens the line to the generator. Once the power returns, the transfer switch reverts to the utility line.

Used mainly by farmers, *(see page 88)*

STAND AND DELIVER: This redesigned 20 kilowatt generator is smaller and more powerful than standard units. The air-cooled unit can handle all circuits, including central air conditioning, without shutting off others and features automotive-style enhancements that result in extended oil change intervals. It has an LCD digital control panel and optional remote monitoring. ■ **Guardian by Generac Power Systems. 888-436-3722. www.generac.com. Circle no. 110.**



UPlink // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.

businesses, and the construction sector, power generators have been around for many years. The old units were loud, large, or expensive—and in some cases, all three—but improvements over the past 10 years have made them viable for residential use.

"The units have better aesthetics now; they used to be fairly industrial looking," says John Klesk, product manager for consumer marketing and residential business at Cummins Power Generation in Fridley, Minn. Many units operate at as low as 68 decibels and require minimal homeowner involvement. For example, the redesigned Cummins RS12000 has an in-home display that lets homeowners know when the unit needs an oil change or routine maintenance. Homeowners may also monitor the system via the Internet. "People don't want to have to deal with the units," Klesk says, "so we've made them user-friendly."

MACHINES FOR LIVING

Residential generators generally start at 3 kilowatts and go as high as 45 kilowatts. Smaller units provide supplementary emergency power for general lighting, a refrigerator, or an air-conditioning unit alone, but large units can run multiple AC units and provide power for other household needs such as appliances or sump pumps.

One challenge facing the industry is the perception that a generator is only for the rich. "There is a perception that they are expensive, but prices have come down significantly," says Melanie Tydrich, senior channel manager of residential generators at Kohler Power Systems in Kohler, Wis. Prices, says Tydrich, generally start at $1,999 for a 7-kilowatt unit, but those generators will not provide power to an entire house. A whole-house system might start at $3,600 for a 12-kilowatt unit, which would handle the power needs for a 2,500-square-foot house.

"The market [for generators] has been growing dramatically for the last five years." —Clement Feng, executive vice president, Generac Power Systems

As expected, the market for generators is especially strong in hurricane-prone areas such as the East and Southeast coasts as well as in areas with severe ice storms. "We've been marketing to areas where outages are more prevalent, which is about 21 states," Tydrich says. Klesk says demand also has been holding up in the Northwest.

Though retrofit sees the majority of sales, the new-home market offers great opportunities, Feng says. Like many products, it's easier to install when the house is being built. Wiring is easier and the cost can be factored into the mortgage. Some builders are pre-wiring houses to easily accept a generator even if the home buyer chooses not to install a unit. A few custom home builders on the East Coast offer backup systems as standard, but Feng says this is rare.

Manufacturers believe in the new-home market and are eyeing ways to make the units more affordable.

Generac recently introduced the GenReady load center panel that makes it easy to add a backup system. Instead of installing a main load center, an emergency load center, and a transfer switch, a builder would only need the GenReady panel. A home buyer may then install a generator immediately or at a future date.

"This unique panel allows the builder to offer a valuable upgrade to the homeowner at minimal expense," a company release says. "With the GenReady load center wiring and plumbing in place, the homeowner can save thousands of dollars when the generator is installed, making a home standby system more affordable." *(see page 90)*



INTELLIGENT DESIGN: Part of the IntelliGEN line, these two 30- and 45-kilowatt liquid-cooled home generators will supply enough backup power for a large home or small business. The fully automatic units use four- and eight-cylinder GM Vortec engines and operate at 65 decibels for a 30-kilowatt unit or 68 decibels for a 45-kilowatt unit during normal operation. ■ **Briggs & Stratton Home Power Products Group. 800-732-2989. www.homegeneratorsystems.com. Circle no. 111.**



COMMAND PERFORMANCE: The manufacturer's air-cooled 17-kilowatt standby generator offers power in a compact unit. Powered by natural gas or liquid propane, the unit uses a 38-horsepower Command PRO engine and features the company's Advanced Digital Control, which results in better protection for electronic equipment. It operates at 68 decibels. ■ **Kohler Power Systems. 800-544-2444. www.kohlerpower.com. Circle no. 112.**

GOT A NEW PRODUCT?

E-MAIL NIGEL F. MAYNARD AT:
nmaynard@hanleywood.com

UPlink // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.









Lay of the Land

Landscaping holds considerable sway over your project's curb appeal.

THE FIRST IMPRESSION OF A HOUSE—essentially what it looks like from the curb—is often the most important way to pique potential buyers' curiosity and get them to take a closer look. The elevation, exterior elements such as roofing and siding, and landscaping are usually what stand out at that all-important first sight.

A beautifully landscaped yard can also enhance the outdoor living rooms, kitchens, and decks that are becoming increasingly prevalent. And because many builders often focus only on the house and not on its setting, attractive landscaping can be a major competitive differentiating factor. In other words, landscaping can help you sell houses.

A lush green lawn is a good place to start, but there is more to it than turf, trees, and tulips; features such as lighting and fencing can add a great deal to the overall look.

Cleveland-based Kichler Lighting offers landscape lighting that uses LED technology. The products not only produce warm, white light, but also last up to 40,000 hours. In addition to accent fixtures, Kichler offers deck, step, and brick lighting in a variety of finishes and shapes to dress up exteriors.

Fencing can also make a design statement. Traditional white plastic products sometimes have a low-budget look, and solid woods such as cedar or ipe are attractive but pricey. Milford, Ind.–based Royal Outdoor Products' recently introduced Triple Crown Fence Signature Series solves those problems. It has the look of wood but doesn't require staining, sealing, or painting.

"We're satisfying the growing market for durable privacy fencing with a wood-like appearance," says Deron K. Manwaring, national sales and marketing manager for Royal Outdoor Products. "Our field research told us that today's homeowners want a fence that really enhances their surroundings but is easy to maintain."

As for your turf, if you want that traditional lawn, you can always go the conventional route and lay sod or spread seed. Or you can specify Flexterra flexible growth medium from Buffalo Grove, Ill.–based Profile Products.

The product offers fast turf establishment and lower installation costs. It also controls erosion, establishes vegetation on slopes, and holds water and maintains air space, which result in faster growth—and thus, faster curb appeal. **B**



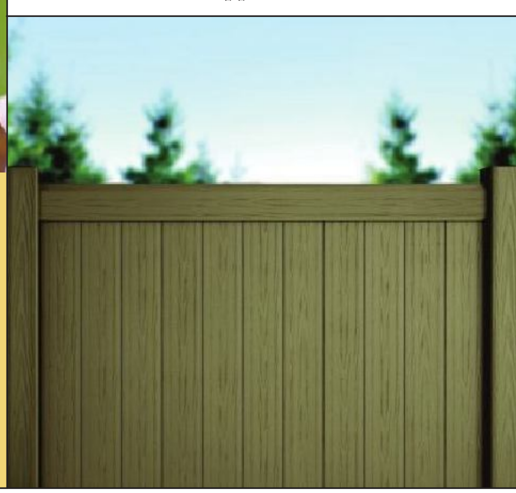
SEEDS OF CHANGE: With its hydraulic seeding process, Flexterra provides fast turf establishment and lower installation costs. The system bonds directly to the soil so it requires less preparation than rolled blankets and requires no messy nets, threads, or staples. It absorbs and holds fifteen times its weight in water and delivers more moisture to the seedbed. ■ **Profile Products. 800-508-8681. www.profileproducts.com. Circle no. 114.**



ENERGY SAVERS: This LED landscape light offers pure, warm white light and a lifespan of 40,000 hours. Offered in 3, 6, and 9 watts, the lights are made from die-cast aluminum or solid brass housings. They use 75 percent less energy resulting in lower operating costs and a reduction of light pollution. ■ **Kichler. 866-558-5706. www.landscapelighting.com. Circle no. 115.**



GREAT WALLS: Green is not only for foliage; the manufacturer says the term "green" can now apply to landscaping retaining walls as well. Integrity Block is an environmentally friendly replacement for standard products. It's made with soil composites, features 50 percent pre-consumer recycled content, and requires 40 percent less energy to produce. ■ **Integrity Block. 650-641-3104. www.integrityblock.com. Circle no. 113.**



FENCING GOODS: Triple Crown Fence Signature Series has the look of wood but doesn't need staining, sealing, or painting. Available in two colors, the product is low-gloss and features a protective capstock that is designed to repel water and resist weather. Fence lengths include 6- and 8-foot tongue-and-groove pieces. ■ **Royal Outdoor Products. 800-488-5245. www.royalcrownltd.com. Circle no.116.**

UPlink // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.



All homes feature windows and doors. Our windows and doors feature homes.



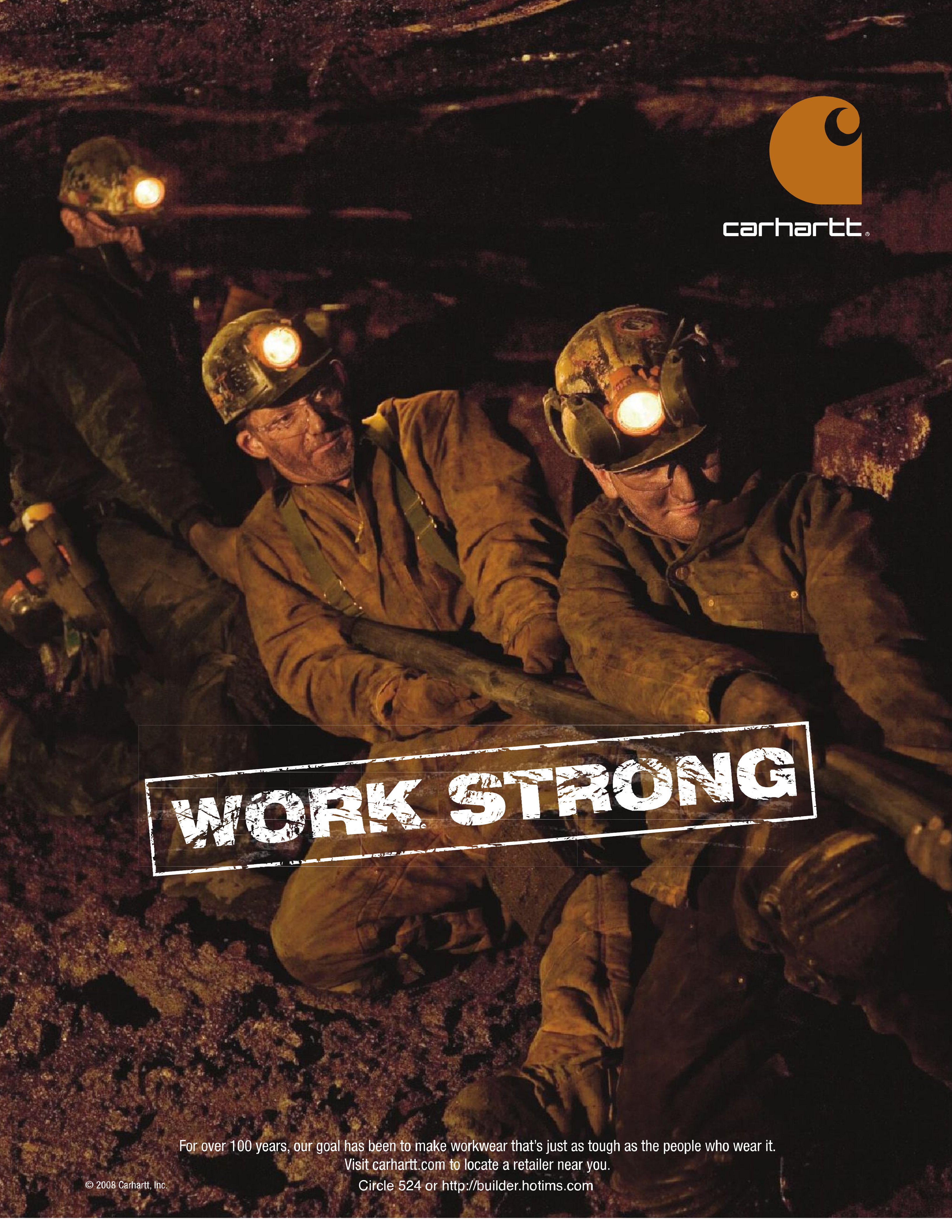
AuraLast® wood.
The worry-free wood.®

Make JELD-WEN® windows and doors a feature of your home and sell it at a better value. That's because they come with innovations like AuraLast® wood, which is real pine protected to the core and guaranteed to resist wood decay and termites for 20 years. This means you can offer home buyers better value and better performance with confidence. For more information, dealer locations or a **free brochure** call **1.800.877.9482, ext. 10803**, or visit **jeld-wen.com/10803**.

Circle 386 or http://builder.hotims.com

RELIABILITY *for* real life®

JELD-WEN® WINDOWS & DOORS


carhartt.
WORK STRONG
For over 100 years, our goal has been to make workwear that's just as tough as the people who wear it.
Visit carhartt.com to locate a retailer near you.
Circle 524 or http://builder.hotims.com
© 2008 Carhartt, Inc.

TECHTOOLS

TECHNOLOGY FOR THE MODERN HOME BUILDER ■ EDITED BY STEVE ZURIER

Green Jumpstart

AEC Software offers a green template for its FastTrack 9 project management software.

MANY BUILDERS WOULD LIKE TO BEGIN building green homes. The problem is that they don't know how to get started.

AEC Software helps solve that problem with a new series of templates—essentially checklists that outline the main categories builders can earn points on to achieve certification—based on the green guidelines issued by the NAHB's National Green Building Program and the U.S. Green Building Council's LEED program.

Bill Keech, AEC's vice president of sales and business development, says the templates give builders a built-in structure for their green efforts. He says AEC developed the templates based on Keech's own experiences in the home building industry and input from FastTrack users.



SINGLE VIEW: New templates from AEC Software let builders integrate a production schedule in FastTrack 9 with a green guidelines checklist.

Users can build a spreadsheet that tracks information such as the points available in a category and the points achieved. The benefit of working in FastTrack is that builders can build graphical timelines instead of working in a static spreadsheet.

AEC users can download the templates for free. At press time, the NAHB templates were not available but were expected soon. For more information visit www.aecsoftware.com/lp/builder_examples.asp.

Skip a Step

Builder MT's BPM tool automates dozens of standard business processes.

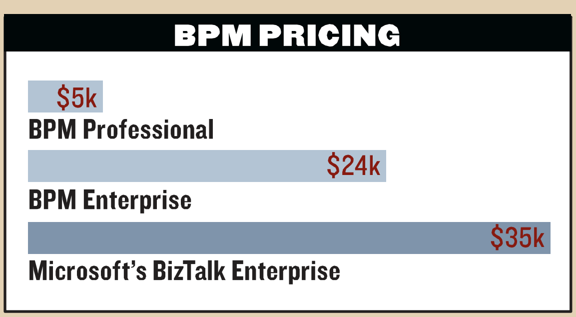
HOME BUILDERS ARE starting to reap benefits from Builder MT's Business Process Management (BPM) software, a tool the software vendor rolled out two years ago that lets companies custom-build automated workflow processes.

Eastwood Homes, a mid-sized builder based in Charlotte, N.C., has written dozens of processes and has even posted many of the applications on a portal that employees can access over the Web.

Justin Myers, Eastwood's vice president of sales, says the builder got started with BPM 18 months ago. While the company has had Builder MT's purchasing system, Timberline accounting software, and Builder 1440's sales software installed, it still would run reports in Microsoft Access and manually key the data into Timberline.

One company report tracks every stage of a project, from the number of units sold to the age of the homes and where each house is in the construction cycle. Each time the report was run, an administrator had to go into Access, run the report, print it out, make copies, and then physically distribute them to the company's managers. Now, a process written in BPM runs reports automatically every Tuesday morning at 8 a.m. and e-mails them to the appropriate managers.

Eastwood has also automated its builder reserve process, which a supervisor runs when a home is completed. At the end of construction, the application lets the project super look at all the open purchase orders and review the budget. The super then simply approves the open P.O.s and the information is streamed into Timberline Accounts Payable for payment. ■



Only One

The new 6.2 version of sales software Builder 1440 has a feature that ensures that when sales leads come into its automated lead system, the system will not enter duplicate records. The new version also has a consolidated notes feature that lets builders view all notes for a customer regardless of where they are entered in the system. Visit www.builder1440.com for more information.



Good Deal

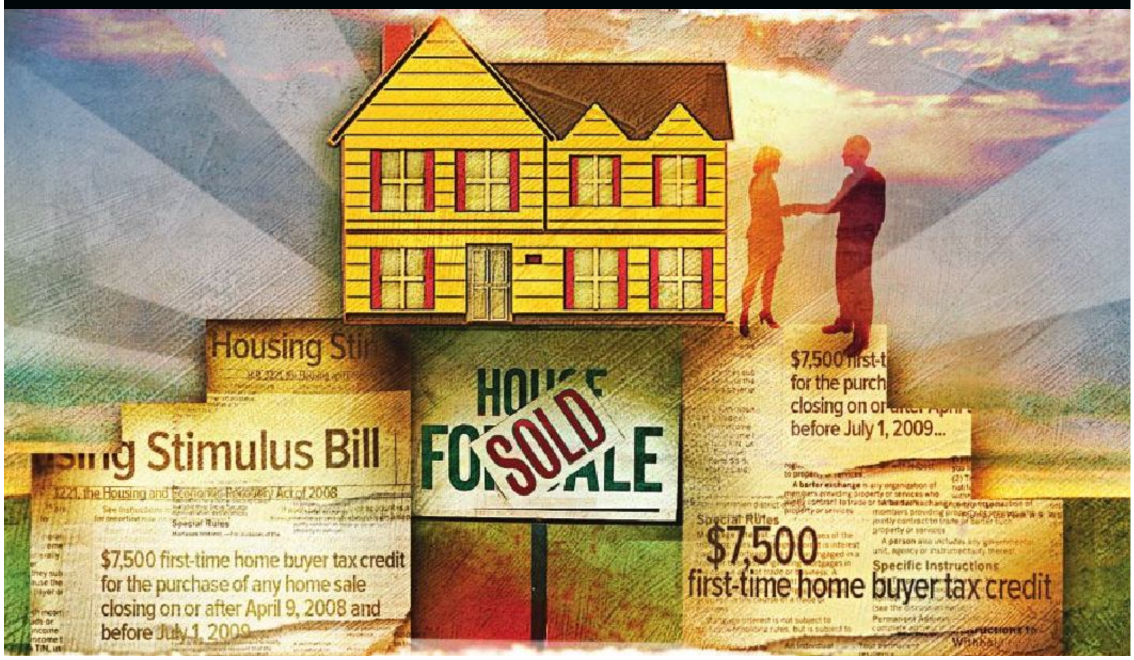
Builders looking to upgrade to construction-specific Master Builder from QuickBooks should check out a tempting offer from Sage Software. Sage, maker of Master Builder, is offering new lower pricing for its software, starting at $3,867, and, beginning in October, it will throw in the data conversion services for free to make the switch even easier. See www.sagesoftware.com for more information.

DO YOU HAVE A TECH STORY?

E-MAIL DENISE DERSIN AT: ddersin@hanleywood.com

NATIONAL BEAT

NEWS FROM HOUSING'S GROUND ZERO ■ EDITED BY CLAIRE KOLTKO



ROY SCOTT

FROM THE PRESIDENT

No Better Time

The housing stimulus bill offers a good reason to get off the fence and buy.

THANKS TO THE TIRELESS AND MONUMENTAL efforts of the NAHB federation, the most important housing legislation in a generation is now the law of the land. The housing stimulus bill provides the boost our nation so desperately needs. It will help stabilize conditions in the housing market and lead to a correction of the crisis in confidence that has gnawed relentlessly at the U.S. economy. Just as important, it restores the strength of our badly damaged housing finance system, setting the stage for housing's eventual return to full health.

One year ago, as we were just beginning to look forward to prospects for better times, the housing industry was dealt a devastating blow. The financial markets were rocked as they began to realize the full extent of the meltdown in subprime mortgages. Virtually overnight, the availability of credit became a major challenge for a large share of our prospective home buyers. For buyers who couldn't come up with a traditional down payment or who didn't have a sterling credit history, the options were discouraging. For buyers in the high-cost markets of California and elsewhere, where jumbo mortgages were the only game in town, lenders were less willing to make those loans; when they were available, a high premium was charged. The credit crunch was most intense in the hottest markets of *(see page 96)*



SANDY DUNN
PRESIDENT, NAHB
WASHINGTON, D.C.

NAHB BRIEFS

Stay Home

To address the nation's foreclosure crisis, the housing stimulus package approved by Congress will allow the FHA to guarantee up to $300 billion in new mortgages if lenders voluntarily agree to reduce the outstanding principal and adjust



the terms to make them more affordable for borrowers. The Congressional Budget Office estimates that the FHA foreclosure relief plan could help as many as 400,000 struggling homeowners to stay in their homes.

Positive Impact

Impact fee relief is one of several approaches that local governments can take to encourage growth during the current economic downturn. Grappling with a slowdown in new development that is drying up this source of funding for infrastructure and services, many communities in the U.S. are concluding that they need to postpone impact fee increases, reduce the fees, or even temporarily halt their collection. ▸

the recent housing boom, but we saw its pernicious effects spread, threatening even parts of the country where conditions were basically sound. We saw the lingering damage this spring and summer, when the prime home buying season turned to drought in large parts of the country. Now, following a historic vote in Congress and the signature of the president, we at long last have the means to end this nightmare.

The milestone housing stimulus legislation modernizes the FHA so that it can return to a more meaningful role in the mortgage markets. It provides FHA insurance with a program geared to prevent families facing foreclosure from losing their homes. The law reforms the regulation of Fannie Mae and Freddie Mac and permanently increases the conforming loan limit to support buyers in more expensive areas; and it enables the U.S. Treasury to reassure the financial and global markets that the government is committed to ensuring the soundness of these two vital institutions.

It will take some time to maximize the potential of many of the provisions in the housing bill, but a $7,500 credit for first-time buyers good until July 1, 2009 provides home builders with a tool they can start using right away to improve their businesses. Prospective home buyers now have a major financial incentive to get off the fence and explore the advantages of buying a home in a buyer's market. Your customers can find everything they need to know about the credit at a new NAHB Web site, www.federalhousingtaxcredit.com. Remember, the IRS isn't in the business of publicizing tax benefits. It's your job to get the word out.

It's been a tough year, but thanks to our perseverance on Capitol Hill, we now have good grounds for optimism. **B**

THE NAHB RESEARCH CENTER CORNER

Prove Your Point

The NAHB Research Center offers a full suite of product testing services.

The NAHB Research Center recently completed wind-pressure testing for the Foam Sheathing Coalition (FSC). The FSC is focused on developing alternative approaches to building economical, energy-efficient, and strong homes to meet the life-safety expectations of the building code. The FSC contracted the NAHB Research Center to develop test data based on ASTM E330 for supporting FSC proposals to the International Code Council's (ICC) code development cycle for the 2009 International Residential Code (IRC). The results of the NAHB Research Center's wind-pressure testing show that foam sheathing and vinyl siding resist wind pressure when properly specified and installed. Though different foam sheathing products have different capabilities and limitations, this testing will ensure that all products are used in accordance with appropriate limitations to provide consistent code-intended performance in all wind design conditions. The proposed building code changes based on the test results represent an advancement of structurally sound and energy-efficient construction practices.

The Research Center's testing evaluated the effects of both negative and positive wind pressures. The testing apparatus used by the Research Center was a uniform load pressure box where negative pressures occur when high winds blow over a surface and positive pressures occur when the wind blows against a surface. Typical 2x4 frame wall construction needs to be designed to withstand both positive and negative pressures. Testing was conducted on three types of foam (EPS, XPS, and ISO) ranging in thickness from ½ inch to 2 inches. All test specimens were 4 feet wide by 8 feet tall. A plastic membrane was used to seal the test specimen to the test chamber, and the uniform load was applied to the test specimens using a blower to create a vacuum. The negative pressure tests were conducted on 2x4 framing with foam sheathing and vinyl siding. This approach evaluated the composite effect of the foam in combination with the siding. The positive pressure tests were done in a similar fashion but without the vinyl siding, since that is a more conservative approach. The negative tests were conducted in order to pull the sheathing off the wall, and the positive tests were conducted to push the sheathing through the wall.

This kind of testing is just a sample of the full suite offered by the NAHB Research Center, many tests involving products' weather performance such as wind-pressure resistance, air infiltration, and wind-blown water intrusion. To learn more about all of the NAHB Research Center's testing capabilities, visit www.nahbrc.org/testingservices.

For more information on the Foam Sheathing Coalition or to see the test reports, visit www.foamsheathing.org.

NAHB BRIEFS

Builders can encourage municipalities to employ such tactics for the benefit of the local community and the economy at large.

Foreign Finds

The NAHB's International Department is advising association members to pursue opportunities to market their homes to potential buyers in Great Britain. The United Kingdom's leading international



real estate portal, www.Rightmove.co.uk/overseas, reports that during the first half of this year, searches by buyers in the U.K. for real estate in the U.S. have risen by 50 percent to a monthly average of 190,000. With the British pound remaining strong against the U.S. dollar, "many British buyers agree that now could be the perfect time to snap up a bargain in the states," says Justin Figgins, director of Rightmove Overseas. "We have recently taken on listings from more U.S. developers and Realtors ... and they have been delighted with the response and leads generated so far."





The Oil Factor

Oil prices are affecting consumer spending, policy decisions—and home building.

GLOBAL OIL PRICES HAVE VIRTUALLY EXPLODED SINCE EARLY last year. Despite periodic improvements, fundamental supply and demand factors are bound to keep oil prices at historically high levels for the foreseeable future. Projected growth of the global economy, including outsized growth in developing areas such as China and India, ensures a strong upward trend in demand that figures to overwhelm feasible increases in global supply.

The shock of record-high oil prices has already caused turmoil and restructuring in parts of the U.S. economy. The domestic auto industry obviously has been hit the hardest as imports of energy-efficient passenger cars have risen while sales and domestic production of gas-guzzling SUVs and pickups has shifted downward. Furthermore, the run-up in transportation costs has prompted a wide range of domestic goods–producing corporations to reassess the economics of offshoring production of goods destined for sale in the U.S.

The dramatic changes in energy markets are also bound to have major impacts on the U.S. housing market. High energy costs inevitably will influence where people want to live and the kinds of houses they want to inhabit. In this regard, the pattern of producing large single-family homes at the outer edges of major metropolitan areas may very well be seriously challenged.

It's up to the U.S. housing industry to adjust to the new realities. The winners will be those who can read the energy market tea leaves as well as the impact on consumer preferences in housing. Builders will also need to stay on top of inevitable changes in government policies toward land use as well as toward alternative forms of transportation. There's bound to be some change in the balance of public support toward road building and public transportation, and increases in gasoline taxes are not out of the question. Growing concern about global warming and the environment naturally support such shifts in the policy balance.

In July, the NAHB surveyed about 400 single-family builders across the country to monitor the impact of higher energy prices on home sales. Half the respondents to the survey said that higher energy costs were taking a toll on their home sales, 14 percent described the negative impacts as "substantial," and only 5 percent talked about positive effects on their sales. The patterns of response were reasonably consistent across regions of the country and size classes of builders.



Close to half the builders reporting adverse impacts on home sales said they had dropped house prices in order to bolster sales, and a similar percentage said they had increased non-price sales incentives such as paying closing costs and financing points for their buyers. Attempts to counter the downward pressures on sales were most common among larger builders (producing at least 100 units per year) and builders in the West.

Half of all builders in our July survey said they are changing plans for the future because of the substantial increase in energy costs. The types of planned adjustments ranked as follows: Build smaller homes in the suburbs, build smaller homes closer to cities, build high-density homes close to cities, build townhomes close to cities, build high-density homes in the suburbs, build homes near public transportation, and build more homes in cities.

Three-fourths of the larger builders said high energy costs have prompted changes in their plans for the future. The ranking of adjustments was similar to rankings for the entire sample, with higher proportions of builders in every category and particularly strong readings showing up in two areas: building smaller homes closer to cities and building homes near public transportation.

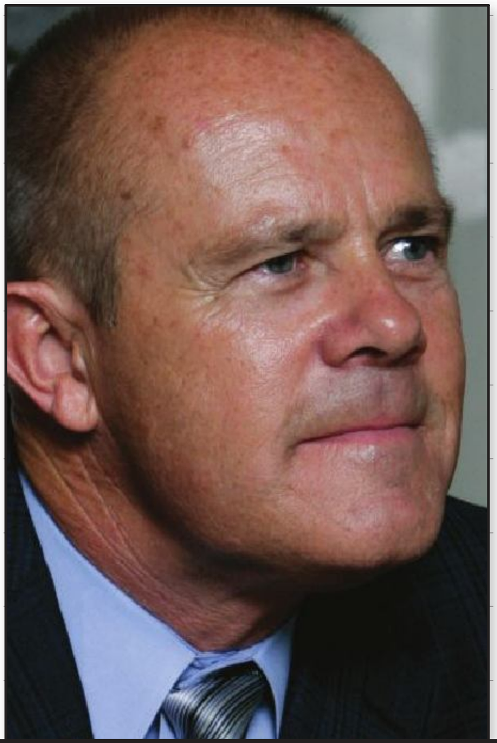
Many builders noted that they are focusing hard on energy efficiency. There were a lot of references to Energy Star certification as well as to the NAHB's National Green Building Program. **B**

David F. Seiders
Chief Economist
NAHB
Washington, D.C.
email: dseiders@nahb.com

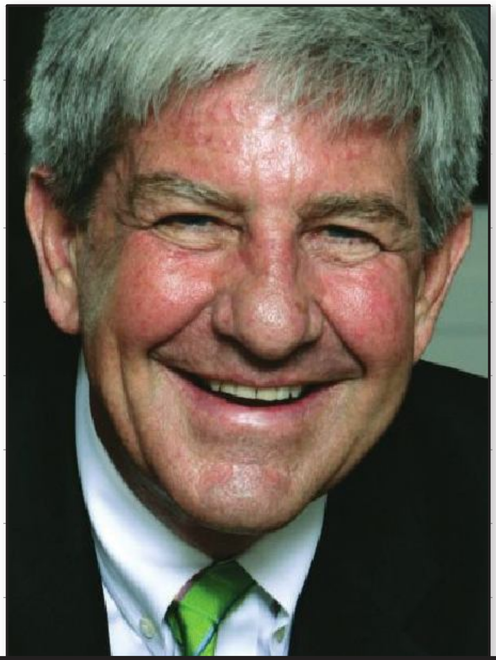
UPlink // FOR MORE STORIES ABOUT HOUSING DATA AND THE ECONOMY, GO TO WWW.BUILDERONLINE.COM/BUSINESS/HOUSING-DATA.

FAST TRACK

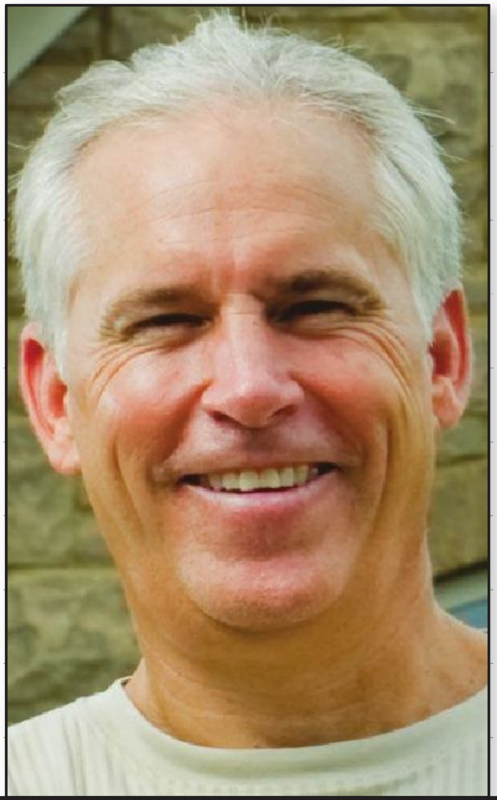
STILL THEIR RAILS



Bill Albert SARES-REGIS GROUP



Geoffrey Stack SARES-REGIS GROUP



Mike Friday WOODLAND HOMES

ON

In a dreadful economy, a handful of builders is finding ways to keep moving forward, profitably.

BY JOHN CAULFIELD

MILLIONS OF HOMES foreclosed. Billions of dollars lost by homeowners, builders, banks, and investors. Hundreds of thousands of construction and mortgage finance jobs gone. No end in sight.

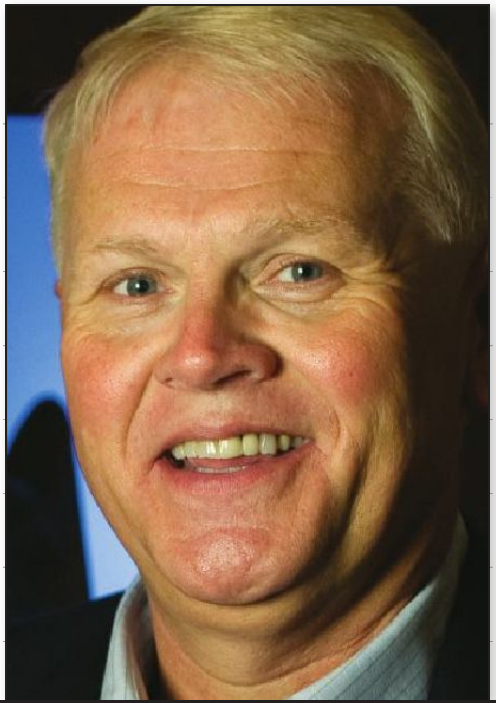
Frantic builders scrambling for cash probably aren't the most receptive audience right now for stories about some company that's surviving by adjusting its product mix or because it's fortunate enough to be in a market that hasn't been crushed. Survivors, though, share an instinct—to reinvent themselves in the face of adversity and before everything hits the fan—that other builders in more dire straits, if they're honest with themselves, might realize they either ignored or acted on too late.

One example of reinvention is Keystone Homes in Augusta, Ga., which in the previous three years enjoyed steady annual gains that hit $59 million in revenue and 336 closings in 2007. This year, Keystone's closings are expected to fall to between 220 and 240 units, primarily because of the oversupply of unsold homes in its markets, "particularly resales," says its president Mark Gilliam. But Keystone is now considering getting into on-your-lot construction for the first time and is already looking for "untapped markets" beyond the four counties in Georgia and South Carolina it builds in.

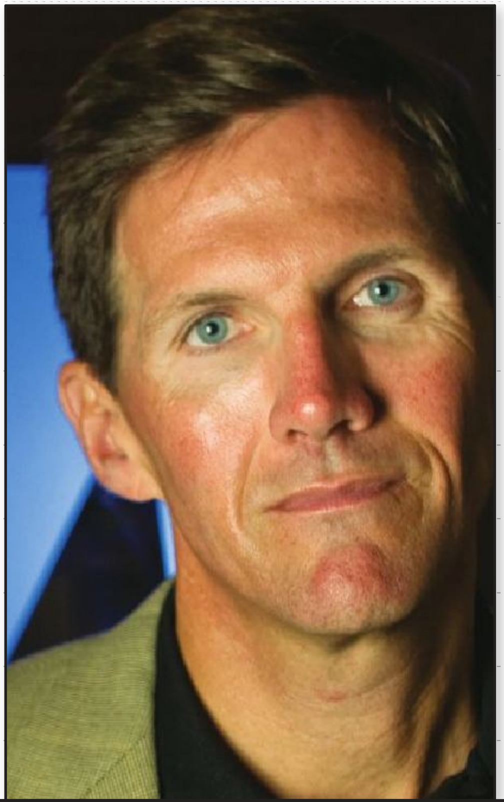
This year's Fast Track special report reveals that change is a state of mind and success is a long-distance runner. These profiles are about creativity, farsightedness, and, to be honest, luck. They might lead some of you to reflect on your own businesses, and perhaps recall a passage from the Book of Psalms that reads, "The seed that falls on good ground will yield a fruitful harvest." When the housing crisis subsides, good ideas could prove fruitful, too, but only for those ready to plant them.



Rick Tollakson HUBBELL REALTY



Stewart Mungo MUNGO COS.



Steven Mungo MUNGO COS.



Bill Albert (left), president of multifamily development and construction; Geoffrey Stack, partner, Sares-Regis Group, Irvine, Calif.

Hedging Its Bets

Rental construction is getting Irvine, Calif.-based Sares-Regis through a weak market.

Sares-Regis Group isn't giving up on building for-sale homes. But until buyers return, this builder and developer is dedicating its energies in Southern California to for-rent projects, having started 1,050 apartments in the first six months of 2008. "We're letting the market tell us what the balance needs to be," says Bill Albert, president of Sares-Regis' Multifamily Development and Construction division.

This switch has been percolating since 2005, when Sares-Regis ended the year with 660 unsold homes in Southern California. Soon after, the company took 320 for-sale condos in Palm Desert, Calif., out of play by converting them to rental apartments. When the housing market "fell off a cliff" in 2007, says Albert, the division had reduced its standing inventory to 60 homes and had paid off the construction loan on its 344-unit Canyon Villas community in Aliso Viejo, Calif. The experience taught the company "to be nimble and stay ahead of the curve," says Geoffrey Stack, one of Sares-Regis' principals.

So far, its moves have paid off, and Sares-Regis should be profitable again in 2008. Stack foresees "significant growth over the next seven to 10 years" for its residential divisions, and Sares-Regis will eventually jump back into for-sale housing. But to what extent "is the $64 million question," says Albert, especially with three for-rent projects going strong:

In Pasadena, the four-story Westgate Apartments will offer 480 apartments that average 881 square feet and will rent for $266 per square foot. Albert says the rest of the units in the 820-unit master plan were originally going to be for-sale but now will probably be leased.

Sares-Regis is also redeveloping an industrial site across from a metro station in Anaheim for The Crossings, with 312 apartments averaging 950 square feet that will rent for $275 per square foot. Albert says that the company's construction model now actively seeks transit-oriented settings.

At its third rental project, on a site in Ontario, Calif., near two highways and a local airport, Sares-Regis is constructing a three-story, slab-on-grade building called The Grove at Marketplace, with 258 apartments that average 910 square feet and will lease for $190 per square foot.

Sares-Regis is investigating getting deeper into workforce and active adult housing. But its for-rent projects—whose first occupants should start moving in by late summer or early fall 2009—are where Sares-Regis expects most of its growth to come from over the next few years. "We're building now exactly what we want to build," says Albert. In Northern California, where sales have held up a bit better than in the south, the company expects half of its construction in San Francisco to be for-rent apartments in 2009, says Rob Wagner, a company principal who runs this division.



ABOUT FACE: Sares-Regis has shifted from building for-sale multifamily homes to for-rent projects such as Westgate Apartments.

PHOTO: KELLY FAJACK; ILLUSTRATION: COURTESY SARES-REGIS GROUP

Marketing Machine

Alabama's Woodland Homes thrives on self-promotion.

Mike Friday isn't shy about tooting the horn of his company, Huntsville, Ala.–based Woodland Homes, which he started in 1995 and which last year cracked Builder's top 200 builders ranking for the first time. "As I've built this company, I realized that nobody is going to promote Woodland Homes unless we do it ourselves," says the 48-year-old Friday, who's been selling homes since he was 19.

Friday is always thinking of ways to heighten customers' awareness of his company. He positioned Woodland Homes' 10,000-square-foot headquarters behind a fully furnished model next to a huge electronic billboard with its ad along a highway where 65,000 cars travel daily. Woodland Homes won top prizes at its annual Parade of Homes event so often that the local BIA stopped judging the contest altogether. Friday and his wife, Melissa, now star in their own cable TV program, "Dream Home Cooking," where Melissa prepares her favorite recipes inside a model at one of Woodland's 10 communities and Mike conducts tours of the homes. Maybe it's a coincidence, but in June, when the show debuted and aired 140 times, Woodland Homes had record sales—31 homes, versus 15 to 18 during other months this year. Friday spent the first 15 years of his career working in other builders' sales offices and was mostly dissatisfied with the customer service they offered. So about 18 months ago, he instituted a policy where customers are contacted two days, 10 days, 14 days, and 30 days after closing. "Our goal is to have an army of consumers out there promoting Woodland," says Friday, whose company generates 20 percent of its business from referrals. Friday is confident that Woodland Homes can double its size within the next two to three years. Its multifamily division, which Friday started in 2005, "has made a tremendous difference for us" in terms of increased volume. (Woodland has conducted one-day promotional events where it has sold 25 townhomes in two hours.) Woodland's townhouses, which range from 1,400 to 1,800 square feet and sell from the $160s to the $220s, include detached garages and have small backyards.

"Whatever we focus on expands," boasts Friday. To free up more of his time to concentrate on sales, marketing, and land acquisition, Friday hired Matt Lombardo as Woodland's operations manager in 2003. Lombardo came on board at a time when the builder's cycle time was a leisurely 253 days. By enforcing a construction timetable, Woodland reduced its cycle time by 100 days and is confident enough to schedule closings 60 days out.

Woodland Homes controls more than 1,700 lots, which might seem excessive for a company that expects to close 190 homes this year. But Friday is banking on the influx of high-paying jobs into the Huntsville area, which he calls "a high-tech mecca." The Pentagon alone is relocating more than 4,700 jobs to the Tennessee Valley region by 2011. "Our best years are ahead of us," Friday asserts.



ATTACHED TO GROWTH: Adding a multifamily division a few years ago gave a tremendous boost to Woodland Homes, which expects to double in size by 2011.



Mike Friday, CEO and co-owner, Woodland Homes, Huntsville, Ala.

PHOTOS: LEFT: CHRIS RANK; RIGHT: COURTESY WOODLAND HOMES

FAST TRACK



Rick Tollakson, CEO, Hubbell Realty, Des Moines, Iowa

Midwest Makeover

New products shield Iowa's Hubbell Homes from the ravages of spec-happy competitors.

LAST YEAR WAS A WATERSHED FOR the Hubbell Homes division of Hubbell Realty in Des Moines, Iowa. Hubbell Homes had been averaging 75 to 80 completions annually. But in 2007, it doubled its production and enjoyed record sales of 220 units.

Rick Tollakson, Hubbell Realty's CEO, explains that his company simply reacted to the slew of builders that was throwing up spec homes like there was no tomorrow. Hubbell decided to attack the market "on several fronts" by diversifying. Beyond the houses it was building for second- and vacation-home buyers, Hubbell expanded its offerings to include multifamily townhouses that now account for a quarter of its sales; attached villas for empty-nesters that make up 20 percent of its annual revenue; and a single-family entry-level product starting in the $170s that accounts for 30 percent of sales.

Hubbell Homes itself had around 150 spec homes in various stages of construction as of mid-July 2008. But Tollakson suggests that its richer product mix kept Hubbell from suffering the same fate as Regency Homes, which was Iowa's largest builder until it shut down operations in April. In fact, he expects Hubbell Homes' sales to increase this year by nearly 40 percent, to $50 million.



DOWN MARKET: Hubbell Homes' entry-level product generates 30 percent of sales.

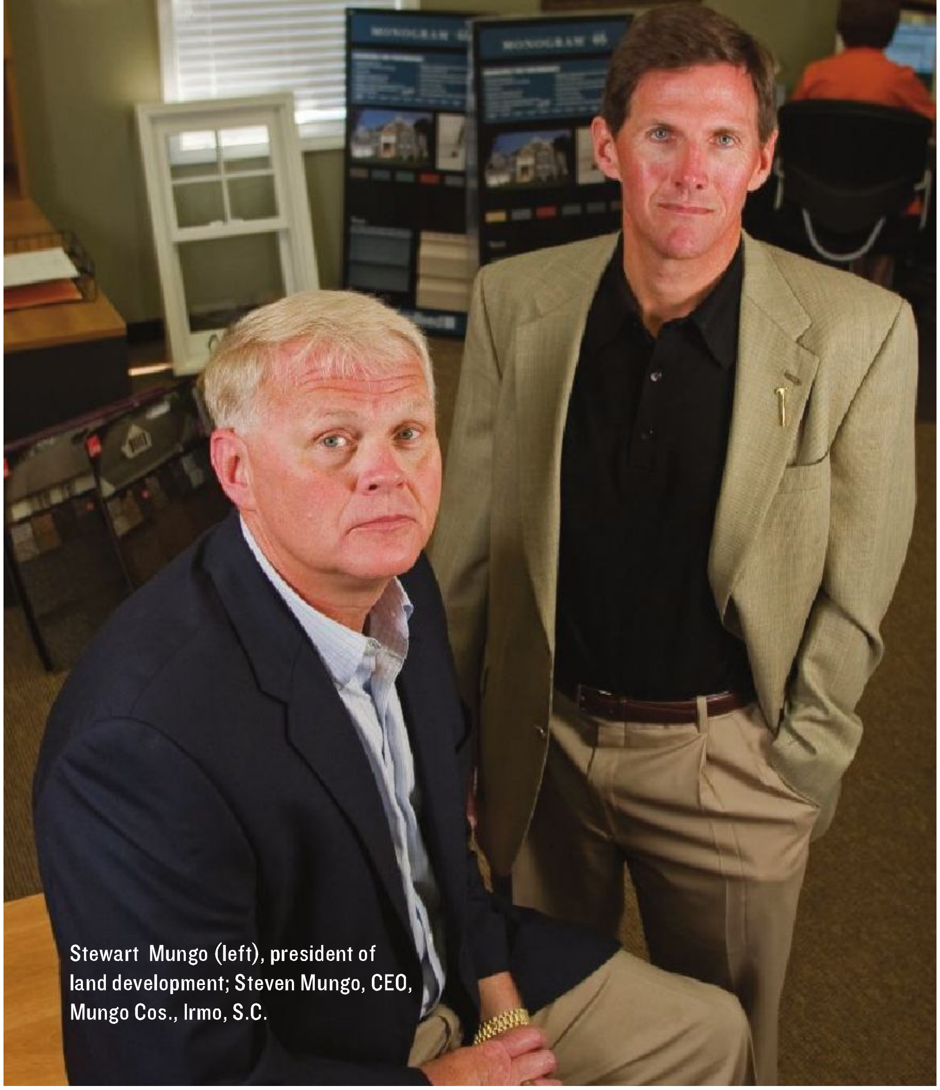
Diversity has long been Hubbell Realty's middle name. Founded in 1855, the company consists of 18 operating entities. Its divisions include two-year-old Hubbell Construction Services, which tackles larger commercial/industrial projects as well as urban residential (which Tollakson does not include in his projections for residential sales). One such project, Drake West Village, near Drake University, will provide 46 units of student housing along with 9,159 square feet of retail space.

Land development is where Hubbell Realty got its start, and it's still a vital part of its business. This division includes a community development arm that recently expanded into "Conservation Living," which develops eco-friendly communities such as Glynn Village in Waukee, Iowa, which was Hubbell's best-selling development last year (see "Show and Sell," page 120).

Hubbell Homes has a total of 25 residential developments in Des Moines' 500,000-person metropolitan area. To reach buyers, Hubbell does "a lot of marketing," says Tollakson, including a robust Web site, which Hubbell revamped this year. In April, the company hired Susan Mixdorf as its Internet concierge, who responds to visitors' queries and converses with them through a live chat feature on the site. "Our traffic is growing every week," says Mixdorf.

Hubbell may also have found its next growth venture: A quasi-government agency recently contacted Hubbell about fixing up and maintaining foreclosed homes. "Working with the government is always slow," says Tollakson, "but we're pursuing this."

PHOTOS: TOP: MINDY MYERS; BOTTOM: COURTESY HUBBELL HOMES



Stewart Mungo (left), president of land development; Steven Mungo, CEO, Mungo Cos., Irmo, S.C.



DIVERSE MIX: Mungo Cos. offers customers a range of products, from government-financed affordable houses (above) to semi-custom dwellings.

Going with the Flow

Growth comes with the territory for South Carolina's Mungo Cos.

PHOTOS: LEFT: BRETT FLASHNICK; RIGHT: COURTESY MUNGO COS.

Mungo Cos. of Irmo, S.C., has thought about expanding into Greenville and even of hopping south to Savannah or Augusta, Ga. But Steven Mungo, its CEO and co-owner (with brother Stewart), isn't rushing anywhere. "At some point, enough is enough," he asserts. "I don't want to be D.R. Horton." You'd never know that, though, by Mungo Cos.' recent track record. Founded in 1954 by their father, Michael, this builder was relatively sleepy during its first half-century. But over the last five years, it's grown along with South Carolina's economy.

In 2003, the builder started a commercial division, Mungo Construction, which focuses on government-financed affordable housing. That division did 220 units in 2007 and expects to do 263 this year.

The builder expanded into Charleston, S.C., in 2005 with Harbor Homes, which has since branched out to Myrtle Beach, S.C., taking advantage of a common subcontractor base. Two years later, Mungo Cos. bought First American, a builder based in Apex, N.C., that was building about 50 homes per year in the $300,000 range but needed a financial partner to expand.

Stewart Mungo, who oversees the company's land development division, suggests that Mungo Cos. is like other organizations that succeed by reinventing themselves. Harbor Homes, for example, gave the company "a fresh start," says Steve, to avoid past mistakes and incorporate what was working. Harbor Homes operates under an overhead contribution model, so 90 percent of its direct expenses are production. Even as the Charleston market softened, Mungo says this division, which controls around 225 lots, is positioned for future growth. "We're negotiating for another two years' worth of lots."

Mungo Cos.' custom home division, Sovereign Homes, which launched in 1989, built 13 homes in 2007, but hadn't taken off as much as Steve had hoped. So last year, he installed a new division president, Allyson Way Hank, and shifted the division's construction to semi-custom with standard models and options. "The demographics in Columbia, S.C., [where Sovereign builds] aren't great for the high end; you can buy a custom home there for $300,000 because builders don't know what they should be making. But we think Sovereign could be a 30-home-per-year division."

The brothers readily attribute their victories to the health of the markets their company serves. But Mungo Cos. has done smart things, too, like cross-training employees to work in multiple divisions. Its next stage of reinvention could be green development. After running into wetlands issues, Mungo Cos. hired biologist Jim Lewis as its corporate environmentalist. The company is currently setting up a mitigation bank to eventually sell wetlands credits to the Department of Transportation. **B**

UPlink // TO READ MORE STORIES ON MANAGING YOUR BUSINESS, VISIT WWW.BUILDERONLINE.COM/BUSINESS.


BRIGHTER LIGHTS
BIGGER IDEAS
planet
THE 2009 INTERNATIONAL BUILDERS' SHOW®
Celebrate 65 years of the biggest annual home building event on the planet! Prepare to be dazzled by the array of leading suppliers and manufacturers. Take advantage of exceptional education sessions and outstanding speakers and events. Register today!
JANUARY 20-23, 2009 | Las Vegas | BUILDERSSHOW.COM
THE INTERNATIONAL BUILDERS' SHOW®

Meet 10 projects with vitality that defied the slump.

BY JENNY SULLIVAN AND PAT CURRY



OFF THE FE



CITY WISE: Higher-density townhomes and condos in the suburbs outside Salt Lake City have allowed Garbett Homes to convert young renters into first-time buyers.

JAMES HOLMES

NCE

TRUE, MUCH OF THE NEWS ABOUT THE HOUSING landscape these days is gloomy. But not all of it. People still need houses to live in, and there are those who still want to buy new. It's just that they aren't part of the McMansion crowd, and they don't look like the new-home buyers builders came to know so well during the boom times. Today's home buying households are generally smaller, more frugal, and more energy-aware. Many are first-time buyers who don't have the contingency burden of unloading existing homes. Those who work are less inclined to tolerate a commute that takes them through an entire radio news cycle or newspaper before they reach their desks. And by the looks of the projects on the following pages, the old "bigger is better" mentality has, in many instances, given way to an affinity for more intimate living quarters. BUILDER visited 10 strong-selling neighborhoods to determine what it was that got buyers off the fence and into their new homes.

UPlink // VISIT WWW.BUILDERONLINE.COM/DESIGN TO SEE FLOOR PLANS AND ADDITIONAL PHOTOS.







HERE'S THE DEAL: Permits for BackRiver Townhomes were contingent on $3 million worth of public land improvements in an adjacent park and the designation of five townhomes as affordable units (cost to builder: about $2 million).

BIG PICTURE

Townhomes disguised as coastal estates strike the right balance.

When developer Tom Hastings broke ground on BackRiver Townhomes, a collection of 45 upscale attached residences in the Boston suburb of Hingham, Mass., his competition wasn't the other builder across town. It was the comfy single-family homes his target buyers, aged 55 to 65, were nicely settled into and reluctant to leave. Resale gridlock wasn't holding them back (property demand in Hingham and nearby Wellesley had been unfazed by the downturn), and neither were the $1 million-plus price tags on some of the townhomes (after all, these folks were plenty wealthy). Rather, it was a simple matter of convincing discerning empty-nesters that a low-maintenance community of shared walls could feel even better than what they already had.

At six units to the acre, the townhomes are a close lot, but they breathe well and actually feel rather grand. With their crisp blend of Newport- and Nantucket-style architecture, residences arranged in clusters of three look like big old houses on the outside, not unlike the shingle-style beachfront retreats that dot the New England coastline. Cupolas with flared light wells flood interiors with natural light, and each home enjoys either a walk-out garden or river view.

Giving the property an air of permanence was essential. (The town of Hingham was founded in 1633, not long after the first pilgrims landed at Plymouth Rock, so many surrounding properties are historic.) Hastings says a $25,000 investment in landscaping, including hand-hewn stone walls and mature tree plantings, was well worth it. "We always try to create an environment that looks like it's been there a long time," he says, noting that trees provide the added benefits of erosion control, shading, and coastal wind buffering.

Ten units were presold before construction began, and half of the entire project was sold—all to empty-nesters—before the model opened.—*J. Sullivan*

PROJECT

Location: Hingham, Mass.
Community: BackRiver Townhomes
Total acreage: 7.4
Date opened for sale: Spring 2007
Product: Townhomes from 2,200 to 3,800 square feet
Price range: $875,000 to $1 million+ (five affordable units reserved for low-income buyers are priced at $198,000)
Sales to date: 22 (of 29 released)
Total number of units at build-out: 45
Builder/Developer: The Hastings Cos., Hingham
Architect: Steffian Bradley Architects, Boston

PHOTOS: MICHAEL RIXON

SMALL AND SMART

Neal Communities captures buyers with a value-priced Café Collection.

Forest Creek, a master planned community launched by Lakewood Ranch, Fla.–based Neal Communities, struggled for pretty much every sale from the time it opened in May 2006. The developer could have done something big and bold to get buyers' attention, but instead did the opposite.

In February, Neal Communities unveiled the Café Collection, a group of eight compact plans, including three small and sassy Key West–style cottages along with tried-and-true Florida standards.

Prices started at $122,900, a value that practically caused whiplash from so much head-turning. Buyers knew a once-in-a-lifetime deal when they saw one. The first weekend the models were open, 1,100 people toured and eight contracts were signed. Within three weeks, 25 cottages were sold.

The local media also knew a story when it saw one. The price and style of the homes, coupled with their energy-efficient design and the amenities at Forest Creek, snagged headlines by the fistful.

"We had 42 articles written about it—43, with this one," says sales director Miranda Oswald. "We just ran our first Forest Creek ad two weeks ago."

Patrick Neal, owner of Neal Communities, says he decided to offer the value-priced line of homes for the most pragmatic of reasons. He had houses "that weren't going to be bought by anyone as long as there were 11,500 houses on the MLS."

Neal Communities achieved the pricing on the Café Collection through a favorable land purchase, efficient design—there are only three windows in the houses—and aggressive pricing with trade partners. "For the first time in 40 years, we're naming the price we'll pay," Neal says.—*P. Curry*

PROJECT

Location: Parrish, Fla.
Community: Forest Creek
Total acreage: 135
Date opened for sale: May 2006
Product: Cottages from 1,200 square feet to 1,648 square feet; townhomes from 1,434 square feet to 1,684 square feet; single-family homes from 1,768 square feet to 2,504 square feet
Price range: $122,900 to $239,900
Sales to date: 102
Total number of units at build-out: 338
Builder/Developer: Neal Communities, Lakewood Ranch, Fla.
Architect: BSB Design, Des Moines, Iowa; Davis Bews Design Group, Oldsmar, Fla.
Interior designers: Charlene Neal, Lakewood Ranch Fla.; Masterpiece Interiors, Winter Park, Fla.; Marc-Michaels Interior Design, Winter Park





COTTAGE INDUSTRY: Buyers have responded so well to the Rose Cottage (the smallest plan), that Neal Communities is planning an entire new line of homes based on it.

PHOTOS: PERRY JOHNSON



SALES DRIVER: The renovation of an underground parking structure allowed the builder to offer slightly more than one parking space per unit and elevator access to each floor.





SURPRISE INSIDE

An adaptive-reuse building in the heart of L.A. serves up the anti-loft.

COMMIT YOURSELF TO AN ADAPTIVE-reuse deal and you never quite know what you're going to find behind those walls. Developer Walter Eeds wasn't exactly shocked when Library Court, a 90-unit condo building in downtown Los Angeles, took 2½ years to get approvals and another year to build. But in the end came a sweet reward: All 10,000 square feet of its retail space was leased by the time construction wrapped up, and every last unit sold and closed out in 13 months.

In an earlier life, the 1960s building had housed offices and a health club. By the time it was acquired by The Greystone Group, of which Eeds is CEO, its primary inhabitants were vagrants and rodents, but they were the least of the developer's problems.

"The building actually was two different buildings ... that essentially had been zipped together," Eeds explains. Design-wise, the first challenge was to sew up those seams for seismic purposes and figure out what to do with a hole in the roof structure left by the fitness club's former rooftop pool. Architects at Levin & Associates added a sixth story (more density, more profit) and cut a light well in the center of the building where the pool had been. Interior corridor access to residences now stems from this light well, which overlooks a courtyard.

Other pragmatic moves, such as the decision to drywall over retrofitted framing and mechanicals, proved equally fortuitous. "Our strongest selling point was the fact that we were not a loft," says community sales manager Rebecca Travell. Buyers liked the defined walls and finished ceilings and floors. Proof, perhaps, that even hipsters in the 28 to 45 demographic had grown tired of exposed ducts and raw concrete.—*J.S.*

PROJECT

Location: Los Angeles
Community: Library Court
Total acreage: .54
Date opened for sale: June 2006
Product: Studio, one- and two-bedroom condos from 590 square feet to 1,185 square feet; townhomes of 1,179 square feet
Price range: $475,000 to $750,000
Sales to date: 90
Total number of units at build-out: 90
Builder/Developer: The Greystone Group, Newport Beach, Calif.
Architect/Land planner: Levin & Associates, Los Angeles

PHOTOS: COURTESY CUSHMAN WAKEFIELD







INSIDE EDGE: Tim O'Brien Homes offers a $5,000 discount to city employees (on top of any other promotion it's got going). That's allowed the builder to post flyers on City Hall bulletin boards and in other municipal workplaces.

SUBURBAN IMPORT

City homes with suburban DNA offer the best of both worlds.

There are plenty of languishing single-family subdivisions these days that builders wish they'd never built in the first place. Oak Hill isn't one of them. At first glance, it's got all the trappings of suburbia—traditional five-over-four-and-a-door elevations, roomy garages, island kitchens, and walk-in closets—except that it's not in the 'burbs. Rather, the neighborhood's location inside Milwaukee proper has made it a hot property among municipal employees with residency requirements who still want the big house and yard.

"In Milwaukee, all public sector employees are required to live within city limits," says builder Tim O'Brien, who bought 15 of the project's 34 homesites (lot prices: $80,000 to $130,000) and has already sold five homes since breaking ground on seven earlier this year. "That includes the department of public works, police, fire, the public school system, and anyone in City Hall."

O'Brien's offerings might seem run of the mill in locations farther afield, but inside city lines, they are a rare find. "We offer about eight ranch plans and eight two-story plans, allowing people to move the footprint around," he says. "Most buyers are couples in their 30s and 40s who either have kids or are planning to have kids."

The neighborhood's proximity to downtown jobs and public transit means buyers don't have the commuting and parking expenses of their suburban brethren. Plus, all O'Brien homes are Energy Star and NAHB Green Building certified, with guaranteed utility savings of 25 percent or more.

That's the kind of stuff happy home buyers chat about at work—a phenomenon that's been easy to leverage, O'Brien says. "When we get a homeowner who is a member of the police force, fire department, or school system and we earn their trust, we tap them for referrals and sometimes even get them to do a presentation to their department."—*J.S.*

PROJECT

Location: Milwaukee
Community: Oak Hill
Total acreage: 16
Date opened for sale: Spring 2007
Product: Single-family homes from 1,600 square feet to 2,200 square feet
Price range: $225,000 to $350,000
Sales to date: 19
Total number of units at build-out: 34
Builders: Tim O'Brien Homes, Milwaukee; Miracle Homes, Milwaukee
Developer: General Capital Group, Milwaukee

PHOTOS: COURTESY TIM O'BRIEN HOMES



FAMILY FRIENDLY: Townhomes and stacked courtyard flats with garages hidden from the street have appealed to young couples, young families, single women, and single moms.





TRIED AND TRUE

A Utah builder's success boils down to a simple maxim: Stick with what you know.

EVERY WEEK, THOUSANDS OF MOVIEGOERS flock to the Megaplex 20 theater in South Jordan, Utah. When the lights dim, one of the first things they see, along with the previews, is an ad for Garbett Homes—a local builder that just happens to be releasing some nifty little homes across the street in the mixed-use neighborhood of Summerlane at The District.

Garbett's unorthodox direct-to-consumer strategy—one that marketing director Rene Oehlerking says is not so different from "selling an iPod or a shoe"—is a little quirky and has generated model traffic. But the builder's business strategy is conservative, and that's what's kept Garbett on solid ground, even in a downturn.

In a nutshell, owner Bryson Garbett specialized in small affordable when small affordable wasn't cool. During the boom, when other builders were gobbling up land to build starter castles, Garbett stuck with what he knew best—small, urban-style homes in the 'burbs—and focused on fine-tuning his pro forma. "The two areas where you can make buildings affordable is in the size of the home and the density," he says. The average density of a Garbett community is eight to 15 units per acre.

In The District, 64 units (about a quarter of phase one) were presold before the first homes were even framed. "We don't ever start a building until it is 50 percent sold. Usually, by the time a building is completed, it's sold out," says Garbett. "Right now, we've sold about 75 percent of what we've started building."—*J.S.*

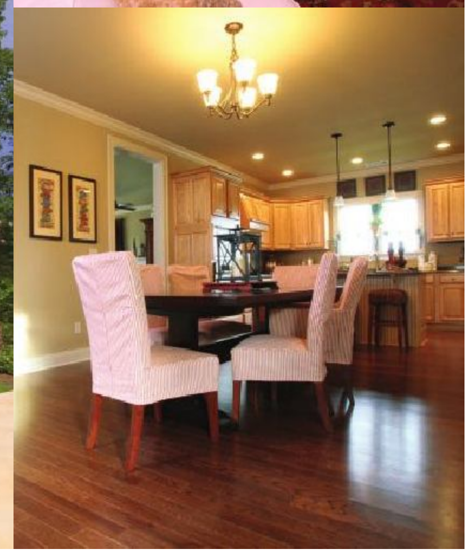
PROJECT

Location: South Jordan, Utah
Community: Summerlane at The District
Total acreage: 22
Date opened for sale: Summer 2006
Product: 276 townhomes and 182 stacked flat condos (30 of which are live/work) from 899 square feet to 1,775 square feet
Price range: $149,900 to $215,000
Sales to date: 76
Total number of units at build-out: 800
Builder/Developer: Garbett Homes, Salt Lake City
Architect: JSA Architects, Salt Lake City

PHOTOS: LEFT: RENE OEHLERKING; RIGHT: JAMES HOLMES







BRIDGING THE GAP

Signature Homes in Alabama provides an entry point into an upscale development.

MEMORY LANE: The 16 plans at James Hill were inspired by kit homes that were popular nearly a century ago in Birmingham, Ala. The main street into the community will have one of each plan, highlighting the region's architectural diversity.

PHOTOS: LEFT: RANDAL CROW; RIGHT: COURTESY SIGNATURE HOMES

On the morning of April 11, the staff for James Hill at Ross Bridge arrived at the sales office to find people waiting in line to make reservations for the release of the first 37 homesites.

"People arrived as early as 6 a.m. to post their names at the door," says Barry DeLozier, senior vice president of Hoover, Ala.–based Signature Homes, the builder of James Hill. "We wound up with 45 reservations for a 37-lot phase."

That would be a success story for any release, but especially for one that didn't do any traditional advertising.

"There were a lot of strategic pieces to the puzzle," DeLozier says, noting that marketing for the community was done on site and online. "We did a lot of e-mailing. "There were probably thousands of e-mails leading up to the date of the event."

E-mails went out to the referral database and the builder's network of co-op brokers. The community's release was promoted on Signature's Web site, which draws about 500 unique visitors a day, and with on-site signage.

What really got buyers excited about James Hill, he says, was the triple-threat combination of location, price, and product. Ross Bridge has been the fastest-selling master plan development in the history of Birmingham.

The price point at James Hill—$230,000 to $320,000—opened the development to an enthusiastic, underserved segment of the market. The neighborhood is surrounded by much more expensive homes.

Signature Homes designs new product for each neighborhood, which creates a sense of urgency for buyers. The James Hill designs were inspired by the early 20th century boom years in Birmingham, when kit houses were popular.

"We call them antique reproductions," DeLozier says. "The exteriors look virtually identical to the houses built in the 1920s."—*P.C.*

(see page 116)

PROJECT

Location: Hoover, Ala.
Community: James Hill at Ross Bridge
Total acreage: 80
Date opened for sale: April 2008
Product: Single-family homes from 1,600 square feet to 2,800 square feet
Price range: $230,000 to $320,000
Sales to date: 30
Total number of units at build-out: 213
Builder: Signature Homes, Hoover
Developer: USS Steel, Hoover; Daniel Corp., Hoover
Architect: Dungan Nequette Architects, Birmingham, Ala
Interior designer: Brandi Belcher, Signature Homes, Hoover







TASTY PROPOSITION: A series of exclusive sales events at local restaurants made qualified move-up buyers fall in love with the neighborhood.

VESTED INTEREST

It's not the number of prospects that matters. It's how you treat them.

When it comes to first dates, there are certain rules: Meet in neutral territory, don't get too personal, and take it slow. John Laing Homes honored this code in the launch of its Heirloom collection of single-family homes in the acclaimed New Urbanist community of Stapleton in Denver. Not wanting to presume, the builder didn't even have the neighborhood blocks platted when it invited a handful of prospects to a local Mexican restaurant for a sneak preview. Some 22 move-up buyer groups—all culled from a word-of-mouth interest list—showed up to peruse product renderings, floor plans, and homesites over quesadillas and margaritas. Prices were not discussed.

On the second date (at an Asian restaurant), the builder asked for more of a commitment. Buyers wanting to know more about pricing and premiums had to come with financing pre-approval, and they had to have already met with the John Laing sales team to pick their favorite floor plans and homesites (feedback that was ultimately used to plat the neighborhood). This time an interesting dynamic emerged.

"Prospects started introducing themselves and co-mingling," says Julie James, regional director of sales and marketing. "They would ask each other what home and homesite they were interested in. This created additional urgency, but also started creating a sense of community. The event was scheduled from 5:00 p.m. to 7:00 p.m. but ended up lasting until 8:30." It created such a buzz, in fact, that two serendipitous restaurant patrons ended up joining the interest list that night.

The first official sales release took place during a third sales event, over Italian. This time, the 16 prospects in attendance were invited to come up one at a time to lay claim to their lot of choice and receive a bottle of champagne. "We sold 12 houses in two hours, and the remaining four still wanted to buy," says new-home counselor Jesse Hamilton. "We actually had to cut it off because originally we had only planned to release eight lots."

The builder's good manners and good taste paid off. The RSVP rate was 100 percent. Total sales to date: 26, all with non-contingent contracts.—*J.S.* *(see page 118)*

PROJECT

Location: Denver
Community: The Heirloom Collection at Stapleton
Date opened for sale: April 2008
Product: Single-family homes from 2,205 square feet to 2,625 square feet
Price range: $430,000 to $500,000
Sales to date: 26
Total number of units at build-out: 56
Builder/Developer: John Laing Homes, Denver
Architect: Woodley Architectural Group, Denver
Interior designer: Hillary Reed Interiors, Denver

PHOTOS: COURTESY JOHN LAING HOMES





FAB PREFAB: Timberhawk has walls, stair systems, and porches prefabricated at a factory in Mr. Pleasant, Utah, which allows the builder to achieve better efficiency.

EFFICIENCY RULES

Cost controls allow one builder to offer three-bedroom townhomes for the same price as the competition's two-bedroom units.

About four years ago, Chris Jaussi figured out that he could make more money building affordable town-homes than high-end custom houses. "I could build a four-plex of row homes for the same cost as one custom home," says Jaussi, CEO of Timberhawk in Mount Pleasant, Utah.

Affordable didn't have to mean shoddy, either. "Just because someone can't afford a half-million-dollar home, they should still get good quality," Jaussi says.

His product is a three-bedroom town-home that he sells for $129,900. The product itself is widely available in Rexburg, Idaho, but most other townhomes at his price point are two bedrooms. "This is the best deal in town," he says.

Jaussi achieved his combination of quality and price by focusing on efficiency. He only builds two floor plans to control pricing on supplies and labor. And his trade contractors give him discounts because he pays them every week. "They give us better deals because they know they don't have to chase money. ... It allows us to keep building where many other people are not."

Jaussi also invested in a wall panel component factory, which resolved a critical issue with framing costs and quality that had been vexing Timberhawk. "If you don't have your framing quality up, it messes up all your other subs," he says. "It's had a huge impact on our business."

It's also helped him cut material costs, both by reducing waste and by keeping track of supplies, which can be tough on a winter jobsite.

"We had to order 60 extra sheets of plywood once," Jaussi recalls. "We couldn't figure out where it had gone. We found it in the spring when the snow melted."—*P.C.*

(see page 120)

PROJECT

Location: Rexburg, Idaho
Community: Rexburg Meadows
Total acreage: 10.5
Date opened for sale: November 2006
Product: Townhomes of 1,400 square feet
Price range: $129,900 to $145,000
Sales to date: 90
Total number of units at build-out: 128
Builder: Timberhawk, Mt. Pleasant, Utah
Architect: Jessop Design Group, Salt Lake City
Interior designers: Joelle Einerson and Jamie Jaussi, Rexburg, Idaho

PHOTOS: MEGAN BRADLEY



SHOW AND SELL

An Iowa builder grows success with green education.



WIDE-OPEN SPACES: The front yards may look traditional, but the backyards are prairie grasses that provide stormwater management, which is crucial in flood-prone Iowa.

RICK TOLLAKSON, PRESIDENT AND CEO of West Des Moines, Iowa–based Hubbell Homes says he thought a conservation community was "about the dumbest idea I'd ever heard of." He changed his mind when members of a local green building organization told him that area governments would expedite permits if a developer proposed one.

Hubbell Homes actually proposed—and got approval for—three conservation developments. Of them, Glynn Village in Waukee is the largest at 300 acres. Every house in the community abuts 100 feet of prairie grass and wildflowers.

The rationale for native prairie grass is one subject that requires a bit of "show me" education, Tollakson says. It's just not the same as looking out the kitchen window onto a big yard of turf grass." We still have people saying it looks like weeds," he says.

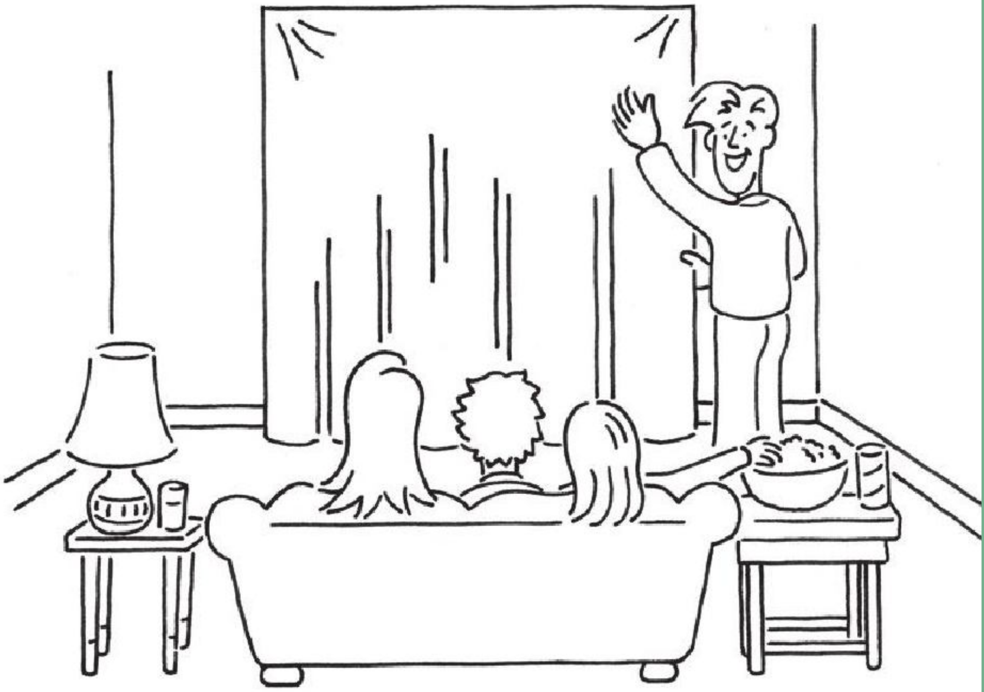
The builder also has had to explain the environmental benefits of small yards and a site plan that places houses close together. And how the standard geothermal heating systems work.

As a result, much of the marketing about Glynn Village is educational. *Hubbell Communities*, a magazine published twice a year, is mailed to target ZIP codes and put out in area grocery stores. The builder's Web site provides additional information, and a PR push has yielded several articles. The builder also speaks regularly to community groups. "People know we're excited about doing this," he says. "We think this is the direction development is going."—*P.C.* *(see page 122)*

PROJECT

Location: Waukee, Iowa
Community: Glynn Village
Total acreage: 280, half devoted to open space
Date opened for sale: July 2006
Product: Brownstones of 1,627 to 1,832 square feet; single-family homes of 1,656 to 2,255 square feet
Price range: Brownstones, $157,900 to $171,900; single-family, $199,900 to $360,000
Sales to date: 58 (Hubbell Homes sales, it builds about half of the homes sold at Glynn Village)
Total number of units at build-out: About 700
Builder/Developer/Architect: Hubbell Homes, West Des Moines, Iowa
Interior designer: Right Touch Interiors, West Des Moines

PHOTOS: JOHN JOHNSON



Introducing the most revolutionary flat panel



EVERY INCH COUNTS: The elimination of wasted space, as well as ample use of natural light, makes the relatively small units at Naomi Place feel more spacious.





IN THE NICHE OF TIME

Customizing homes to tap an unserved market pays off in Texas.

In the early 2000s, Lanterra Homes was doing what most other Texas builders were doing—building McMansions. Then, its president, Carlos Bazbaz, identified a large, unserved niche—the 70,000-plus employees of the largest medical center in the world, the Texas Medical Center. He learned that 60 percent of the employees earned at or below the area's median income of $59,000, but that homes around the medical center started at $200,000. "A lot of these people were stuck in apartments because they couldn't afford a house," Bazbaz says.

Economy of scale was critical in making Naomi Place both affordable and livable for renters who were ready to become homeowners, Bazbaz says. Units average a modest 1,300 square feet with plans that "really focus on the use of space. We had to make sure we had minimal wasted space on the site and in the house itself."

Each unit includes a one-car garage and an adjacent parking pad. That configuration allowed the builder to offer a fenced backyard and 11 feet between the units.

"That's like in the suburbs," he says. "Most people shopping in the inner city don't find that."

Floor plans were equally smart, trading unnecessary corridors and walls for extra square footage in bedrooms, bathrooms, and storage areas. The first floor is essentially two big rooms—a living room and an eat-in kitchen.

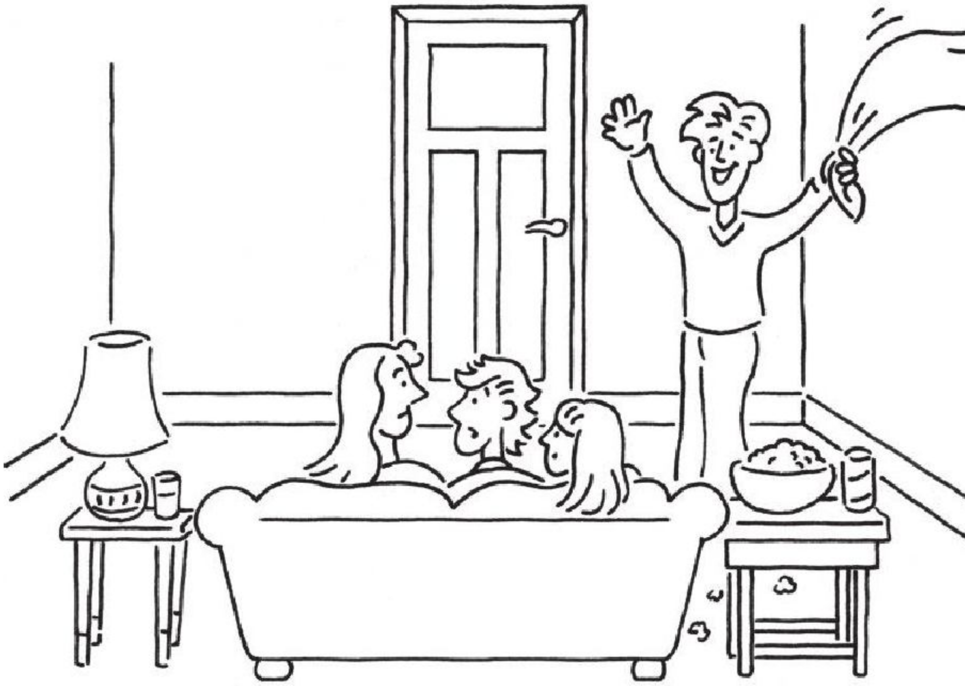
Bazbaz says his biggest battle was convincing buyers that they could live comfortably in such a small footprint. Model merchandising played "a huge part" in helping customers visualize how spaces could be designed to live large.

"We had people who told us that when they saw the square footage, they weren't even going to visit," he says. "Once they saw it, they couldn't believe how big it was."—*P.C.*

PROJECT

Location: Houston
Community: Naomi Place
Total acreage: 3
Date opened for sale: January 2005
Product: Patio homes of 1,300 square feet
Price range: Low $160,000s to high $180,000s
Sales to date: 59
Total number of units at build-out: 60
Builder/Developer: Lanterra Homes, Houston
Building designer: Innovation Design Consulting Group, Houston
Interior designer: Kathy Andrews Interiors, Houston

PHOTOS: ROBERT FRAZIER







ILLUSTRATIONS BY BRIAN STAUFFER

HARD CHOICES

WITH THE THREAT OF A CONTINUED DOWNTURN, BUILDERS ARE FACED WITH NO-WIN PROPOSITIONS

BY BOYCE THOMPSON

Bill Taylor didn't see any other way out of the mess. Looking down the barrel of interest payments on land that he bought in 2006, he sold off five parcels, discounted standing inventory, finished homes that he had started, and closed a company that had produced roughly 200 homes a year. Once complete, he changed the message on the answering machine: Taylor-Morley Homes was out of business.

Meanwhile, across town, executives at McBride & Son, St. Louis' largest private builder, also faced with a large lot backlog, took the opposite tack. The employee-owned company did more to advertise, promote, and sell new homes than anyone in the market—at the expense of margins, of course. As a result, sales fell only 4 percent last year in a market that produced double-digit declines.

The situation in St. Louis illustrates the kind of no-win choices that builders face as the housing downturn goes into its fourth year. With cash flow dwindling to almost nothing, even among the industry's A players, builders increasingly are caught between a rock and a hard place. They must often choose between the better of two evils, two outcomes that both harm their company's financial standing. In the worst case scenario, the decisions may tarnish their reputation among banks, trade partners, and employees.

The toughest decision, of course, is whether to shut the company down. But other painful moves include decisions to close down divisions with significant long-term potential, sell off prime pieces of land, bring in equity partners, mothball half-finished subdivisions, go all in with personal equity, and let go of seasoned managers.

Management consultants contacted for this article agreed that builders did not respond quickly to the downturn to maximize cash flow by selling off land, reducing personnel, and cutting expenses. Says Chuck Shinn, a management consultant in Littleton, Colo., "If they haven't done what they needed to do to weather the storm by now, their chances of survival are minimal."

TOUGH CHOICES AHEAD

Steve Alloy, president of Stanley Martin Homes in Reston, Va., expects builder shutdowns and foreclosures to escalate based on his private conversations with fellow builders. Alloy has raised $150 million in equity that he's been trying unsuccessfully to deploy for land purchases in the D.C. market. "A lot of builders started this with a grain elevator full of seed and a barn full of livestock," says Alloy, whose company is insulated by public debt



it floated several years ago. "Now they are facing the decision whether to eat that last seed or butcher the last dairy cow."

The downturn has pushed many private builders to "the edge of a cliff," confirms Tom Eggleston, CEO of C.P. Morgan Communities, who spoke on a conference call with investors last month. Eggleston believes that too few builders recapitalized their companies "on a timely basis" earlier this year. Now they are faced with margin calls and further declines in equity that make loan workouts much harder, if not impossible.

John Burns, a management consultant from Southern California, believes the best companies can still work their way out of this mess. He urges builders to work closely with the banks, sell as many homes as possible, find fee work if they can get it, and remain as patient as possible. Burns, who believes that tomorrow's fortunes may be made in today's land deals, thinks that now is the time to take on new equity partners to make deals. "Keep your reputation intact so you can attract capital and good people when the market improves again," says Burns.

That's essentially what Washington Township, Mich.–based Lombardo Homes did last month when it bought unfinished land, model homes, and lots in 14 communities left behind by Centex in Detroit. The deal, which may make the company the largest private builder in Michigan, was funded with private equity from a local investor. "In the coming years, the Michigan market will provide a rich opportunity for growth and expansion among private companies like ours," says president Anthony Lombardo.

EVERYTHING MUST GO

Some builders, unfortunately, don't have the luxury to wait patiently, especially the ones who took out land loans at the top of the market with personal guarantees. The best outcome would be to sell the land to generate cash. But outside of a few high-profile deals done by public builders—Lennar, Centex, Orleans—no one seems to be able to come to terms on a deal.

Alloy confirms that a ton of equity waits to pounce on land deals. But he says the numbers don't work for sellers or builders. A seller who bought lots for $3 million that are now worth $2 million can't bring $1 million in cash to the table. And publics can't get a low enough price to justify their development costs. "All over the country, raw lots have zero value," says Alloy. "If the value of a lot is $70,000 and that's what it costs to develop a lot, then it's worth nothing."

Tom McCormick, president of Astoria Homes in Las Vegas, acknowledges that he may have to sell some land at "below-market" prices just to eliminate debt on land he built up during the good times. Public builders have come looking for lots. "I've learned a lot through the downturn," he says. "If you keep your land unencumbered, you'll probably be OK."

McCormick, like most builder survivors, has made the obvious moves. In three separate events, he has cut his staff by more than 50 percent, leaving a barebones operation that won't be able to seize many opportunities should the market turn, which he thinks may happen sooner rather than later in Las Vegas. He's been trying to negotiate fee work with banks but hasn't been able to find mutually agreeable terms.

> **"A lot of builders started this with a grain elevator full of seed and a barn full of livestock. Now they are facing the decision whether to eat that last seed, or butcher the last dairy cow."**
> **—Steve Alloy, Stanley Martin Homes**

UPlink // VISIT WWW.BUILDERONLINE.COM/BUSINESS FOR MORE INFORMATION ON BUSINESS STRATEGIES.

BITING THE BULLET

Of all the options available to builders, the toughest to swallow may be bankruptcy. Yet it's a bullet that dozens of prominent builders have had to bite in recent months, in many cases as a last resort to protect their assets, retain short-term operating funds, and keep the company operating. In some cases, unsecured creditors—suppliers, subcontractors, and consultants—may not get paid in full.

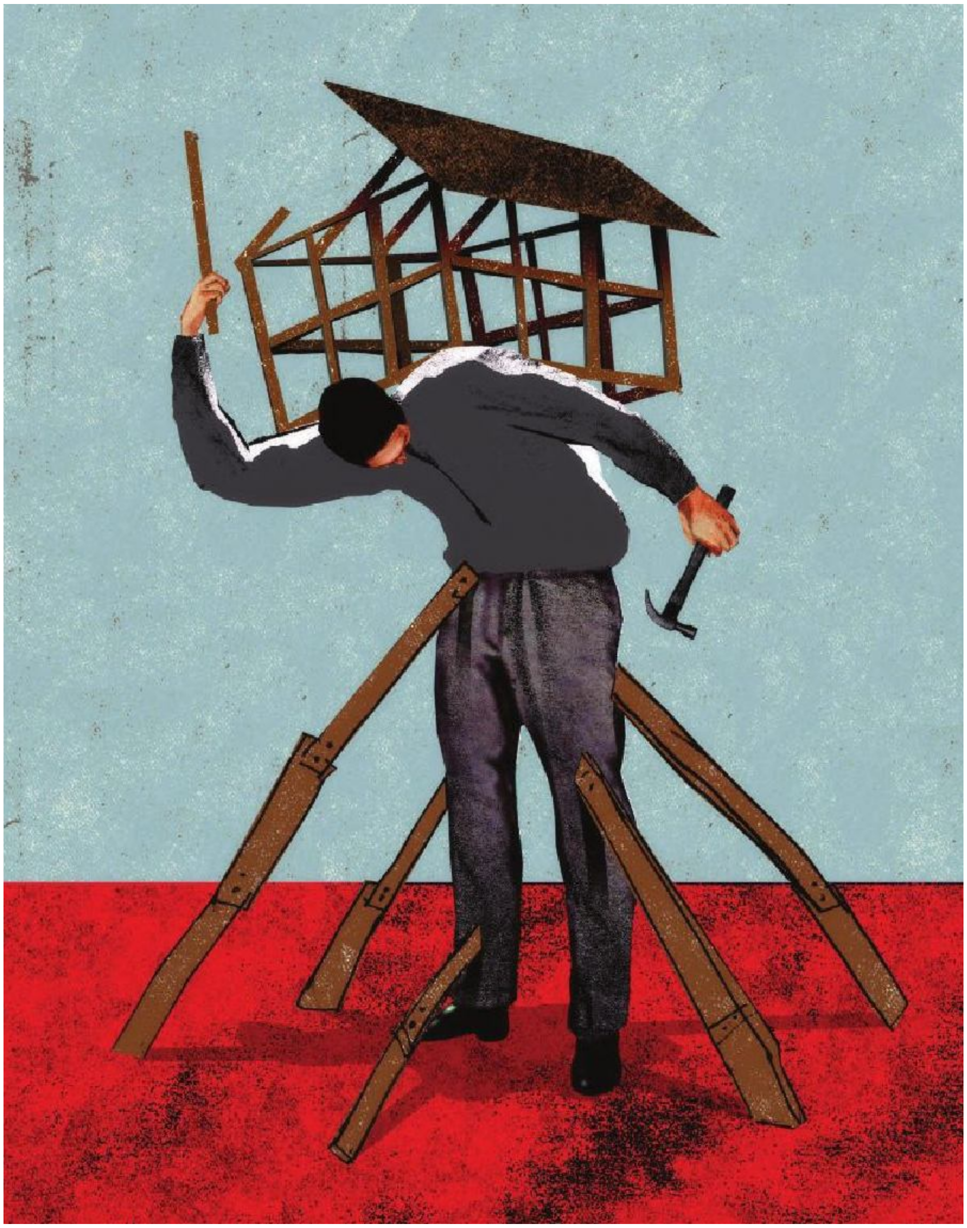
MW Johnson Construction filed for Chapter 11 on both its Minnesota and Florida divisions this summer because it was the only way to sustain working capital. The Lakeville, Minn., company closed 260 homes last year and generated $61 million in revenue. "The companies filed now because the lenders would only provide more working capital in a Chapter 11," Michael L. Meyer, MW Johnson's attorney, told Builder. "We had no choice as we were out of money."

In its bankruptcy filing, MW Johnson stated an intention to operate in a normal fashion for four months "to effect an orderly liquidation of its assets, all for the benefit of creditors." But its plan ran into a snag in bankruptcy proceedings. It now looks as though the company is headed toward an early liquidation.

Portland, Ore.–based Legend Homes filed for similar reasons this summer—to protect the company's assets—but it hasn't been able to work out an agreement among its six lenders to even use money from new-home sales to fund its operations. At press time, Legend Homes, the industry's 131st-largest builder in closings last year, was stuck in court proceedings trying to hammer out an agreement. The company has been forced to let go of most of its employees for lack of working capital.

President Jim Chapman, interviewed by Builder shortly after Legend filed, says that KeyBank attempted to use a margin call to coerce cross-collateralization. Legend owes KeyBank $22.3 million. "They wanted to take 100 percent of the closings on homes they didn't even have construction loans for," says Chapman. "And their approach has been to reappraise the land, say 'here's the margin' and then 'please remit $9 million.' They've been very difficult."

Caruso Homes of suburban Maryland filed for Chapter 11 this summer with liabilities of more than $100 million. "We have so much debt right now that we need to clean up our balance sheet," president Jeff Caruso explained to Builder in an interview upon filing. Caruso, who has put $10 million of his own equity into the company, hopes to emerge from bankruptcy later this year in fighting shape with a new operating plan. He



basis. "A lot of guys are doing that now," said a prominent California architect, looking across a room of builders and developers at the PCBC conference.

The problem today is that builders have lost much of their negotiating power with banks. Their cash reserves are down to nothing. They've already pumped their own equity into the operation. And many of the banks aren't in a much better position. The window to renegotiate debt seems to be closing quickly. Houston's Royce Homes, the 44th largest builder in America last year, announced last month that it would liquidate after its credit lines were cut. The company might have been able to build its way out of trouble. But without credit for operations, it couldn't pay its debt.

Enough builders are so angry about what's happened between them and their banks that they've joined something called the Homebuilders Coalition for Responsible Bank Behavior. By late August, the association had 43 builder members, including Mick Pattinson, president of Barratt American, which was one of the 200 largest builders in this country before Bank of America cut off its $125 million credit facility. Pattinson, who has had to let go of 100 of his 130 employees, says that builders are "mad as hell, but they've been reluctant to put out their dirty linen about how they've been screwed over." The Coalition plans to develop a Web site and hire a lobbyist and public relations person.

wants to recreate his company as a smaller one, building 100 to 200 less-expensive homes a year.

WORKING, OR NOT WORKING, WITH BANKS

Builders report that most banks, especially local banks with which they have long-term relationships, have been willing to do workouts on revolving lines of credit and land loans. Many builders having trouble making loan payments have been able to work out forbearance agreements, where the bank temporarily forgives interest or even principal. One prominent Las Vegas builder says that "virtually every" builder in the area has a forbearance agreement. Burns, who counts several Las Vegas builders among his clients, disagrees. "That is not true about every builder in LV," he says. "Believe it or not, there are firms who come out of pocket to keep their reputation."

Builders who didn't sign personally on their loans may be able to give them back to the bank and walk from deals, though again that may tarnish the builder's standing in the market. It's not uncommon to see these same builders come back with new equity partners and buy the same property back from the bank at a lower

PUBLICS PULLING UP STAKES

Though their moves have received less attention, public builders have been making difficult decisions of late to exit markets that they may have spent millions of dollars to enter. In many cases, CEOs for these companies spent years and a ton of dough on market studies, land, and infrastructure before making their move. They may have even sunk big money into buying a company to enter a market they coveted. Now, they are pulling up stakes because the operations are hemorrhaging money; they think they are better off with eggs in fewer baskets.

The Ryland Group recently announced that it had left Northern California after 20 years. Centex and Beazer exited Denver within months of each other. KB Home has pulled out of Washington, Chicago, and Albuquerque, N.M. With less fanfare, many publics have consolidated local divisions into regional offices. "Overall, in this type of market, I think it makes sense to cut your losses in non-strategic markets where you don't have the volume to justify a presence and you aren't optimistic about a turn in the next one to two years," says J.P. Morgan's Michael Rehaut.

Public builder analysts contacted for this story couldn't provide numbers for what it has cost public builders to *(see page 128)*

cut their losses in big-city markets. Beazer announced earlier this year that it was getting out of Charlotte, N.C., Cincinnati/Dayton, Columbia, S.C., Columbus, Ohio, and Lexington, Ky. It had entered some of those markets or expanded its presence in them when it purchased Crossman Communities for $600 million in 2002, including $191 million in cash that was financed with $350 million in private debt due in 2012.

"Yes, they definitely lose money when they exit," says Ivy Zelman, president of Zelman & Associates. "How much, I'm not sure—usually it's because they don't have the scale to justify being there or they are bearish on the long-term outlook, i.e., Detroit. My guess is that they take the loss and never look back. A lot of mistakes were made and now are trying to be reversed at a big cost to shareholders."

> **"[Public companies] definitely lose money when they exit [markets]. How much, I'm not sure ... . A lot of mistakes were made and now are trying to be reversed at a big cost to shareholders."**
> **—Ivy Zelman, Zelman & Associates**

Meanwhile, people are watching to see whether the publics leave markets in an orderly fashion, finishing out subdivisions and making good on all their promises. The first ones to find out last month that Centex was leaving Denver were customers with contracts; they received letters. Even though Centex planned to build the customer's home, the company offered the buyer a refund because Centex didn't intend to complete the community, according to a letter obtained by the Genesis Group, a local market research firm. Centex announced the decision to the press days later, saying it will complete work on homes both in progress and sold, and that it will maintain a team in Denver to complete warranty work and support its buyers.

The same scrutiny is being given throughout the country to half-finished subdivisions. When builders or developers go bankrupt and can't maintain the community, the public relations impact can be calamitous for every builder in the market. People who have already bought homes in a community speak out publicly about how the builder reneged on promises to build amenities, how unfinished homes are beacons for vandals, and how unmowed lawns and parks are hurting property values in their community.

A recent Tampa, Fla., newspaper story profiled a partially finished subdivision. It referred "to row after row of streetlights," "white plumbing pipes sticking up out of the ground," and common areas that weren't maintained. It quoted people who already lived in the community who were very concerned about falling property values. A similar story in a Phoenix newspaper referred to a subdivision that resembled a "ghost town" with dried-out tumbleweeds that posed a fire hazard. The developer was bankrupt and the cash-strapped HOA couldn't afford the clean-up.

That's why, when Stanley Martin decided more than a year ago to cease operations in many of its suburban locations and instead focus on infill construction, the company budgeted to maintain its unfinished subdivisions. "We're going back and cutting the grass in our undeveloped lots," says Alloy. "In some of the neighborhoods, they are being used to play baseball ... . When the market is right, we'll come back and build on them." **B**

Alison Rice, John Caulfield, and Ethan Butterfield contributed reporting to this story.

MAKING ENDS MEET

Many builders have responded to the near-drought in new-home sales by diversifying their company into other markets and niches. To most, that's a better alternative than laying off talented people who can take advantage of new-home building opportunities once the new-home market returns to form.

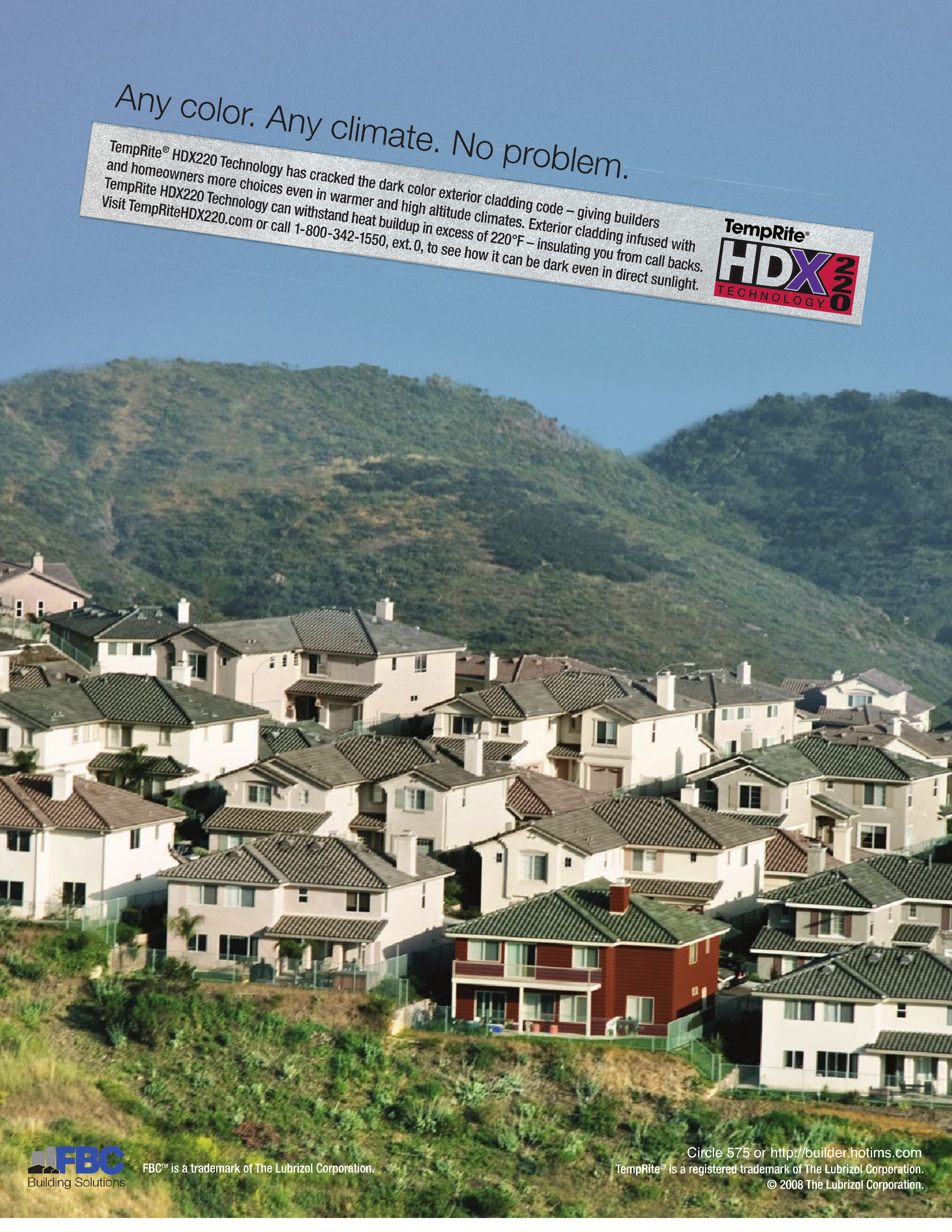
Even as she continues to build and sell custom homes, Carmen Dominguez, the builder of the 2007 New American Home, is going after commercial work with the help of a partner who has a commercial building license. She has sold her office and moved into an office in one of her unsold specs instead. And she has filed the paperwork to gain a minority contractor's license and pursue government jobs in Orlando, Fla.

As Mick Pattinson looks for equity to recapitalize his company, Barratt-American, he's generating cash from construction work related to rebuilding homes that were damaged or destroyed during Southern California's last round of fires. Hallmark Communities in San Diego is also going after fire restoration work.

Stanley Martin is actually adding people to its payroll to take care of its burgeoning custom home building business that produced 18 sales through July. The company had been in the business before the downturn but has been able to devote more time to it now. "It's essentially a cash-based business rather than an asset-based business," says president Steve Alloy. "We like it a lot."

Joe Pusateri, president of Elite Homes in Louisville, Ky., is working with one local bank to finish three homes left by a bankrupt builder and talked to other banks about completing abandoned subdivisions. His company is finishing out two shell condos in one building for $1 million each and doing six remodeling jobs, compared to one last year, and creating finished basement plans that it hopes to sell to previous customers.

"I would hate to lay off people that I will need back a year or two from now or dismantle our organization that we have worked so hard to build," he says. "I am trying to address the problem on the revenue side creatively and cut expenses where possible."


Any color. Any climate. No problem.
TempRite® HDX220 Technology has cracked the dark color exterior cladding code – giving builders and homeowners more choices even in warmer and high altitude climates. Exterior cladding infused with TempRite HDX220 Technology can withstand heat buildup in excess of 220°F – insulating you from call backs. Visit TempRiteHDX220.com or call 1-800-342-1550, ext. 0, to see how it can be dark even in direct sunlight.
TempRite® HDX 220 TECHNOLOGY
FBC Building Solutions™
FBC™ is a trademark of The Lubrizol Corporation.
Circle 575 or http://builder.hotims.com
TempRite® is a registered trademark of The Lubrizol Corporation.
© 2008 The Lubrizol Corporation.

HOUSEPLANS

FEATURING NEW PLANS FROM THE NATION'S LEADING DESIGNERS



First Floor: 1,214 sq. ft. ■ **Second Floor:** 1,229 sq. ft. ■ **Total:** 2,443 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 52' - 4" X 55' - 10" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement

Inside this charming cottage you'll find a spacious, open floor plan that is perfect for entertaining. Fireplaces in the family room and keeping room combine to warm the adjoining kitchen and breakfast area. Upstairs, the master suite features tray ceilings, a dual sink vanity, a garden tub, a compartmented shower and toilet, and an enormous walk-in closet, with the option for a second. Three additional family bedrooms, sharing a full bath, complete the second floor.



FIRST



SECOND

PLAN # HWB9900001 ■ 5-SET $845 ■ 8-SET $910 ■ REPRO $1,145 ■ CAD $1,915

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM



Square Footage: 3,190 ■ **Bonus Space:** 305 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 74' - 0" X 84' - 6" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



PLAN # HWB9900002 ■ **5-SET** $740 ■ **8-SET** $810 ■ **REPRO** $1,000 ■ **CAD** $1,735

Square Footage: 2,066 ■ **Bonus Space:** 556 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 63' - 0" X 79' - 4" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement

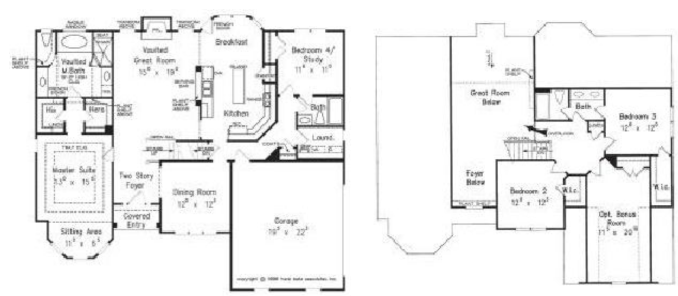




PLAN # HWB9900003 ■ **5-SET** $685 ■ **8-SET** $750 ■ **REPRO** $935 ■ **CAD** $1,570



First Floor: 1,688 sq. ft. ■ **Second Floor:** 558 sq. ft. ■ **Total:** 2,246 sq. ft. ■ **Bonus Space:** 269 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 54' - 0" X 48' - 0" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



FIRST SECOND

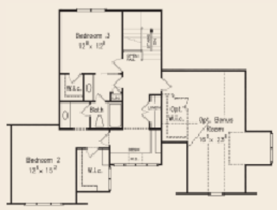
SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM

PLAN # HWB9900004 ■ **5-SET** $915 ■ **8-SET** $970 ■ **REPRO** $1,225 ■ **CAD** $2,085

First Floor: 2,145 sq. ft. ■ **Second Floor:** 754 sq. ft. ■ **Total:** 2,899 sq. ft. ■ **Bonus Space:** 385 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 62' - 4" X 64' - 0" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



FIRST



SECOND



PLAN # HWB9900005 ■ **5-SET** $915 ■ **8-SET** $970 ■ **REPRO** $1,225 ■ **CAD** $2085

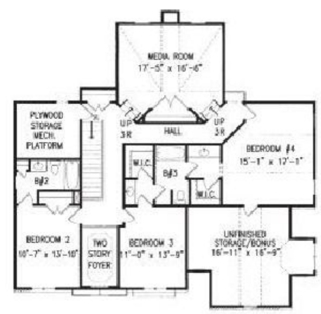


PLAN # HWB9900006 ■ **5-SET** N/A ■ **8-SET** N/A ■ **REPRO** $1,793 ■ **CAD** N/A

First Floor: 1,932 sq. ft. ■ **Second Floor:** 1,327 sq. ft. ■ **Total:** 3,259 sq. ft. ■ **Bonus Space:** 283 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 50' - 0" X 51' - 0" ■ **Foundation:** Slab, Finished Walkout Basement

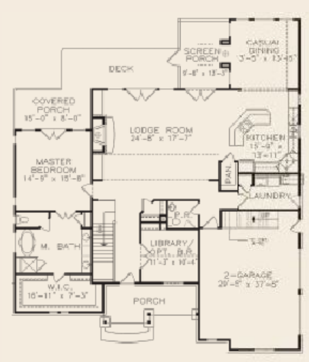


FIRST



SECOND

Main Level: 2,035 sq. ft. ■ **Lower Level:** 1,451 sq. ft. ■ **Total:** 3,486 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 56' - 0" X 65' - 0" ■ **Foundation:** Finished Basement



MAIN

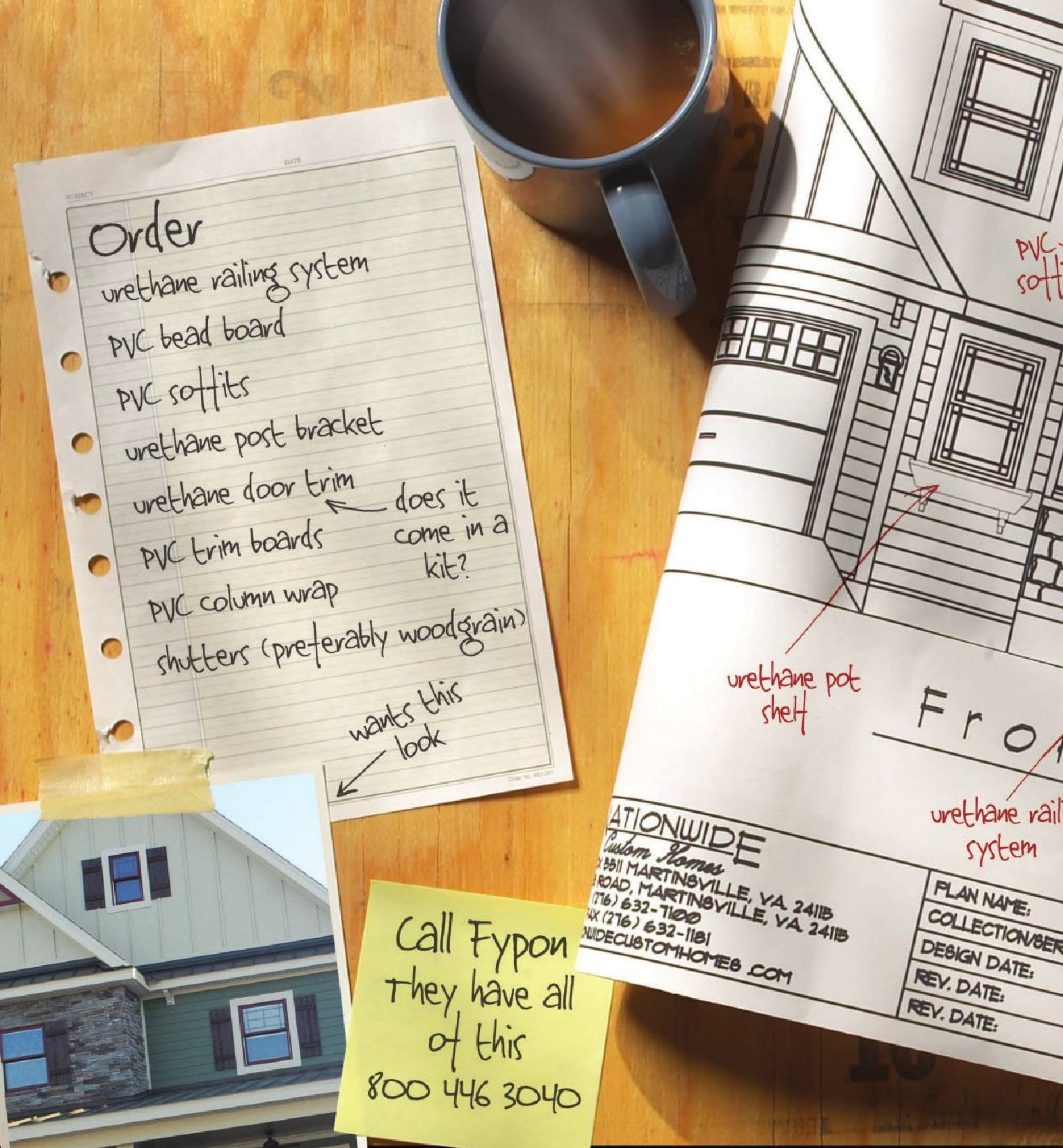


LOWER



PLAN # HWB9900007 ■ **5-SET** $1,105 ■ **8-SET** $1,195 ■ **REPRO** $1,515 ■ **CAD** $2,250

SEE MORE HOUSE PLANS AT WWW.BUILDER HOUSEPLANS. COM


Order
urethane railing system
PVC bead board
PVC soffits
urethane post bracket
urethane door trim
does it come in a kit?
PVC trim boards
PVC column wrap
shutters (preferably woodgrain)
wants this look
Call Fypon they have all of this
800 446 3040
urethane pot shelf
urethane rail system
PLAN NAME:
COLLECTION/SER
DESIGN DATE:
REV. DATE:
REV. DATE:


WEATHERED COPPER METAL ROOF
WEATHERED COPPER METAL ROOF
shutters
window trim
Elevation
SCALE - 1/4" = 1'-0"
PVC column wrap
door trim
urethane post bracket
DWG. BY:
REV. BY:
CHK. BY:
REV. BY:
PURCHASER:
JOB NO.:
PROCESS DATE:



First Floor: 2,608 sq. ft. ■ **Second Floor:** 1,492 sq. ft. ■ **Total:** 4,100 sq. ft. ■ **Bonus Space:** 349 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 89' - 10" X 64' - 8" ■ **Foundation:** Crawlspace, Slab, Unfinished Basement



FIRST SECOND

PLAN # HWB9900008 ■ **5-SET** $915 ■ **8-SET** $970 ■ **REPRO** $1,225 ■ **CAD** N/A

First Floor: 1,347 sq. ft. ■ **Second Floor:** 537 sq. ft. ■ **Total:** 1,884 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 32' - 10" X 70' - 10" ■ **Foundation:** Crawlspace



FIRST SECOND



PLAN # HWB9900009 ■ **5-SET** $685 ■ **8-SET** $750 ■ **REPRO** $935 ■ **CAD** N/A



First Floor: 1,376 sq. ft. ■ **Second Floor:** 1,435 sq. ft. ■ **Total:** 2,811 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 34' - 4" X 85' - 8" ■ **Foundation:** Crawlspace



FIRST SECOND

PLAN # HWB9900010 ■ **5-SET** N/A ■ **8-SET** N/A ■ **REPRO** $1,687 ■ **CAD** $3,092

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM

First Floor: 2,335 sq. ft. ■ **Second Floor:** 936 sq. ft. ■ **Total:** 3,271 sq. ft. ■ **Bonus Space:** 958 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 91' - 4" X 54' - 6" Foundation: Unfinished Walkout Basement



FIRST



SECOND



PLAN # HWB9900011 ■ **5-SET** $920 ■ **8-SET** $1,010 ■ **REPRO** $1,200 ■ **CAD** N/A



PLAN # HWB9900012 ■ **5-SET** $800 ■ **8-SET** $875 ■ **REPRO** $1,100 ■ **CAD** N/A

First Floor: 1,988 sq. ft. ■ **Second Floor:** 953 sq. ft. ■ **Total:** 2,941 sq. ft. ■ **Bonus Space:** 406 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 47' - 4" X 93' - 0" ■ **Foundation:** Crawlspace, Unfinished Basement



FIRST



SECOND

First Floor: 2,012 sq. ft. ■ **Second Floor:** 392 sq. ft. ■ **Total:** 2,404 sq. ft. ■ **Bonus Space:** 436 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 59' - 10" X 64' - 8" ■ **Foundation:** Crawlspace, Unfinished Basement



FIRST



SECOND



PLAN # HWB9900013 ■ **5-SET** $800 ■ **8-SET** $875 ■ **REPRO** $1,100 ■ **CAD** N/A

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM



Square Footage: 2,755 ■ **Bonus Space:** 440 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 73' - 0" X 82' - 8" ■ **Foundation:** Slab



PLAN # HWB9900014 ■ **5-SET** $740 ■ **8-SET** $810 ■ **REPRO** $1,000 ■ **CAD** $1,470

Square Footage: 1,997 ■ **Bonus Space:** 310 sq. ft. ■ **Bedrooms:** 2 ■ **Bathrooms:** 2 $^{1}/_{2}$ Dimensions: 64' - 4" X 63' - 0" ■ **Foundation:** Crawlspace, Unfinished Basement





PLAN # HWB9900015 ■ **5-SET** $740 ■ **8-SET** $810 ■ **REPRO** $1,000 ■ **CAD** $1,470



First Floor: 1,330 sq. ft. ■ **Second Floor:** 1,475 sq. ft. ■ **Total:** 2,805 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 $^{1}/_{2}$ ■ **Dimensions:** 40' - 0" X 60' - 0" ■ **Foundation:** Crawlspace

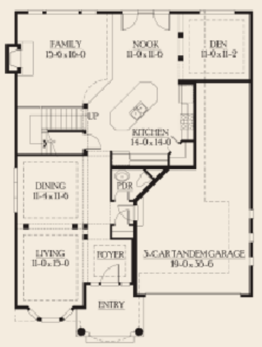


FIRST SECOND

PLAN # HWB9900016 ■ **5-SET** $795 ■ **8-SET** $855 ■ **REPRO** $1,065 ■ **CAD** $1,815

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM

First Floor: 1,378 sq. ft. ■ **Second Floor:** 1,295 sq. ft. ■ **Total:** 2,673 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 40' - 0" X 55' - 0" ■ **Foundation:** Crawlspace



FIRST



SECOND



PLAN # **HWB9900017** ■ **5-SET** $740 ■
8-SET $810 ■ **REPRO** $1,000 ■ **CAD** $1,735



PLAN # **HWB900018** ■ **5-SET** $1,030 ■
8-SET $1,115 ■ **REPRO** $1,390 ■ **CAD** $2,500

Main Level: 1,686 sq. ft. ■ **Second Level:** 1,529 sq. ft. ■ **Lower Level:** 1,200 sq. ft. ■ **Total:** 4,415 sq. ft. ■ **Bedrooms:** 5 ■ **Bathrooms:** 4 1/2 ■ **Dimensions:** 68' - 0" X 55' - 0" ■ **Foundation:** Finished Walkout Basement



MAIN



LOWER

First Floor: 2,090 sq. ft. ■ **Second Floor:** 2,280 sq. ft. ■ **Total:** 4,370 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 5 ■ **Dimensions:** 60' - 0" X 60' - 0" ■ **Foundation:** Crawlspace



FIRST



SECOND



PLAN # **HWB9900019** ■ **5-SET** $1,030 ■
8-SET $1,115 ■ **REPRO** $1,390 ■ **CAD** $2,500

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM



First Floor: 2,055 sq. ft. ■ **Second Floor:** 2,545 sq. ft. ■ **Total:** 4,600 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 74' - 0" X 74' - 0" ■ **Foundation:** Crawlspace



FIRST



SECOND

CORNERSTONE DESIGNS, LLC

PLAN # HWB9900020 ■ **5-SET** $1,030 ■ **8-SET** $1,115 ■ **REPRO** $1,390 ■ **CAD** $2,500

HOUSEPLANS

ADDITIONAL ITEMS FOR SALE

Visit www.builderhouseplans.com or call for availability

Materials List ($85)
Additional Set ($60)
Mirror Reverse Fee ($55)
Full Reverse Fee ($175)
Line Rendering ($30)
Color Rendering ($100)

Shipping and Handling	5 or 8 set	Repro or CAD
Standard Service (7-10 business days)	$25.00	$20.00
Priority Service (4-5 business days)	$35.00	$25.00
Express Service (2-3 business days)	$45.00	$35.00
CANADA AND OVERSEAS DELIVERIES	Fax, phone, or mail for quote	

- A signature is required for all deliveries
- No COD's, all shipments require a street address, we cannot deliver to PO Boxes
- All delivery times are from the date the blueprint package is shipped
- Some add-on products incur additional shipping charges
- All prices are subject to change

BY PHONE: U.S. toll free: 1-800-634-4773
Canadian toll free: 1-877-6389
Other international orders: 1-520-544-8200

BY FAX: U.S. toll free fax: 1-800-224-6699
Canada and overseas fax: 1-520-544-3086

BY MAIL: Hanley Wood Customer Care Center,
3275 West Ina Road, Suite 260, Tucson, AZ 85741

ORDER PLANS ONLINE!

Go to our Web Site for hundreds of best-selling plans for builders in a form that lets you search by size, type, style, number of bathrooms, and other features, including hot buttons like home offices and first-floor master suites.

www.builderhouseplans.com

ABOUT THE PLANS

A plan order will include ideas for: General specification design notes; exterior elevations of all four views; building sections and details; interior elevations of cabinets and walls with unique conditions; electrical plans; and foundation plans. Basement plans are included only where applicable.

Plans are intended to supply ideas and potential building concepts only. Every location has its own regulations and requirements, which purchasers are responsible for meeting. Purchasers should consult a state-licensed architect before beginning any construction related to these house plans. The plans featured are prepared by independent designers and the publisher is not responsible for their content. Mechanical and plumbing codes and regulations vary widely across the country, and ideas and concepts for this portion of the design are generally not included.

REPRODUCIBLES AND BLUEPRINTS ARE NOT REFUNDABLE. EXCHANGES ON BLUEPRINTS ONLY (CALL FOR TERMS AND CONDITIONS).

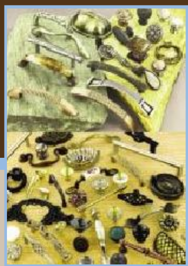
HWB99

SPECIAL ADVERTISING SECTION

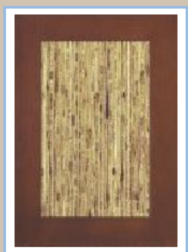
Cabinets and Countertops

Cabinets and countertops take center stage in kitchens and baths, but they are indispensable in many other areas of the home too — laundry rooms, garages, offices, workrooms, and storage rooms. Their obviously practical role in these rooms often takes a backseat to their decorative allure. Whether you are going for a retro look, a contemporary feel, a cottage atmosphere, or Victorian appeal, cabinets and countertops are essential elements in bringing your decorative vision to fruition.

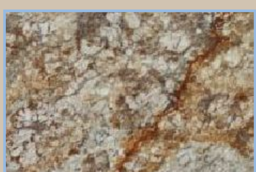
Given the wide range of materials, designs, and configurations available in the cabinet and countertop markets today, your options are nearly endless. Read on to learn about a few products that are sure to please.



Outwater: Circle 235



Real Wood Products Corp.: Circle 236



Jerong Marble Products: Circle 237

Cabinet Craftsmanship

High-quality cabinets, cabinet doors, and hardware make an unforgettable statement. **Real Wood Products Corp.** combines craftsmanship with state-of-the-art equipment to produce a fine selection of custom cabinet doors. The company has announced two new products: a five-piece door design in bamboo, and a five-piece door design with a kieri board panel inside a white oak frame, for color that is complementary and special in design. The kieri board panel is also available in other frame-design and wood-species combinations.

In today's market, knobs and pulls that are designed to chromatically and texturally complement the current trends in cabinetry and furniture are in big demand. In response, **Outwater** has supplemented its ever-increasing assortment of cabinet and furniture hardware to include extensive new collections of truly exceptional contemporary, vintage, and traditional knobs and pulls in a host of new finishes.

Countertop Charisma

Granite and marble are highly desirable countertop materials because of their beautiful colors and patterns, not to mention unbeatable durability. As a direct importer of natural stone, **Jerong Products, Inc.**, offers remarkably low prices on fine granite and marble products from around the world. In business for over 20 years, Jerong is known for its extensive and diverse selection, from granite countertops and tiles to marble fireplaces and mosaics. Plus, Jerong's reasonable shipping rates enable the company to work with clients nationwide.

Continue reading through this special section on cabinets and countertops to learn about other fine products on the market today.

- **Outwater:** Call 800-835-4400 or visit www.outwater.com
- **Real Wood Products Corp.:** Call 800-835-8752 or visit www.realwoodproducts.net
- **Jerong Marble Products:** Call 510-782-2888 or visit www.jerongmarble.com

For more product information, go to http://builder.hotims.com

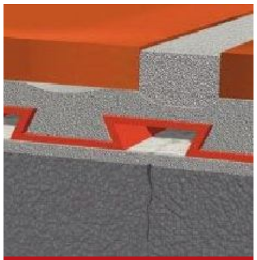
FLOORING

Smart builders know that installing the highest-quality flooring possible can boost home prices and builder profits. Flooring is the backdrop that defines a room's style and function, and it makes a big impression on potential homebuyers. No matter what type of flooring you choose, today's manufacturers have a wide range of options for you. This special section will give you an idea of what's available on the market. Read on to learn about a few products that are sure to please homeowners and help your homes sell faster.


M.L. Condon
Circle 230


Country Wood Flooring
Circle 231


Alloc
Circle 232


Schlüter Systems
Circle 233

Top Sources for Wood Flooring

Wood is a very popular flooring choice in today's market because of its natural warmth and beauty.

A stunning hardwood floor starts with an exotic hardwood like wenge or cocobolo, or a classic hardwood like oak, cherry, maple, mahogany, or even antique heart pine. All these types of wood and dozens more are available from **M.L. Condon** in any width and length. The company has a warehouse full of exceptional woods, ready to custom mill to your specifications.

Country Wood Flooring is another leading manufacturer of hardwood flooring products. As a factory-direct wholesaler, Country Wood Flooring carries both solid and engineered wood flooring in maple, oak, bamboo, cherry, walnut, Jatoba, and more.

Wood laminates are also a good option for many types of rooms. **Alloc**'s new Elite line lives up to its name because of the gorgeous wood finishes; 12.33 mm, thick-as-real-wood planks; and innovative, easy-to-install Lift-Lock-&-Drop system. Elite piano finishes bring high-gloss style that endures thanks to sturdy laminate construction. Elite products are backed by a 30-year lifetime warranty.

Tile Installation Done Right

Proper installation of tile will prevent cracks and loosened tiles for the long term, as most builders know. Schlüter®-DITRA from **Schlüter Systems** is a universal underlayment specifically designed for ceramic and stone tile. Now, Schlüter Systems introduces the Schlüter®-DITRA Installation Handbook. This comprehensive document for installers, architects, and specifiers offers complete specifications for tile and stone installations over wood, concrete, gypsum-based substrates, heated floors, and exterior applications.

Carpet and More at Terrific Prices

For 15 years, builders have turned to one source for carpet, hardwoods, laminates, vinyl, rugs, and carpet pads. **Carpet Express** ships floor covering direct to job sites and shipping terminals across the country. The company's experienced sales staff is committed to customer service and can design a sample package that meets your individual needs. Carpet Express offers the most trusted brands at the lowest price.

Continue reading through this special section to learn more about the latest flooring products.

- **M.L. Condon:** Call 914-946-4111 or fax 914-946-3779
- **Country Wood Flooring:** Call 626-8208555 or visit www.countrywoodfloor.com
- **Alloc:** Call 800-DO-ALLOC or visit www.alloc.com
- **Schlüter Systems:** Call 800-472-4588 or visit www.schluter.com
- **Carpet Express:** Call 800-922-5582 or visit www.carpetexpress.com. Circle 234.

For more product information, go to http://builder.hotims.com

iLevel® Shear Brace



A pre-manufactured wood panel with proprietary steel connectors for use in wall bracing applications, the iLevel® Shear Brace is designed to help homes resist the lateral forces created by high wind and earthquakes. It provides a narrow, high quality solution that helps homebuilders and engineers meet local building code requirements.

www.iLevel.com • 1 888-iLevel8

Circle 2 or http://builder.hotims.com

ALLOC®

Floors for living



Build with the Best
ALLOC Laminate Floors for Living

ALLOC offers beautiful, true wood & stone looks in easy-to-install, simple-to-maintain laminate—backed by generous warranties. Glueless, durable and worry-free, these laminate floors endure with grace and style. Lasting quality, always good for the environment—ALLOC floors are the best choice for builders and homeowners.



Visit alloc.com and view our new U-Design online design tool.

U DESIGN

We inspire. You design!

www.alloc.com • 877-362-5562

Circle 1 or http://builder.hotims.com



PRO TECT ii ASSOCIATES, INC

Name the surface. We can protect it.





THE SURFACE & SAFETY PROTECTION CENTER

CALL TODAY!

free catalog - 800.545.0826
shop online - www.pro-tect.com

Circle 3 or http://builder.hotims.com

Schluter® Systems

PROFILE OF INNOVATION

Schluter®-DITRA

The universal underlayment for ceramic and stone tile floors, DITRA provides the four essential functions that ensure a lasting installation:

- Uncoupling
- Waterproofing
- Vapor Management
- Support





For additional information, or for a free copy of the DITRA Installation Handbook, visit:

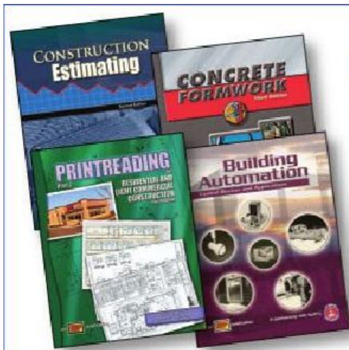
www.schluter.com

or call **1-800-472-4588**

Circle 4 or http://builder.hotims.com



Circle 5 or http://builder.hotims.com



Maintain Your Competitive Edge

ATP publishes training and reference books designed to help keep you and your employees well trained and up-to-date.

american technical publishers, inc.
1155 West 175th Street • Homewood, IL 60430-4600
708.957.1100 • fax: 708.957.1101 • 800.323.3471
go2atp.com

Circle 6 or http://builder.hotims.com

FOR INFORMATION

on how to be a part of the next BUILDER special advertising section, contact Brian Sherry at 202.729.3586.

hanley wood

"Thanks to Builderjobs.com, I'm part of a great team...

Career satisfaction comes from finding not only the right job but also the right employer. BuilderJobs.com offers job listings from the highest concentration of home builders anywhere as well as Career Advice, Builder News, Builder Events, Salary Information and Resume Posting. So visit BuilderJobs.com and find a job that matches your unique taste.

...where nobody else likes sprinkles."



BuilderJobs.com
The Ultimate Power Tool

• • • Job Listings • Email Alerts • Career Tools • Industry Intelligence • • •

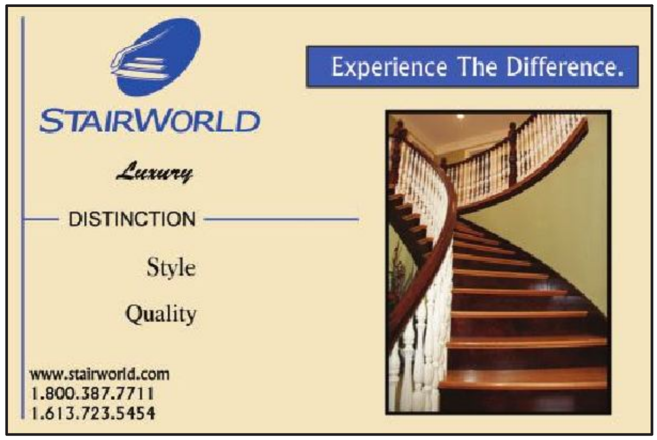
hanley wood



Circle 10 or http://builder.hotims.com



Circle 12 or http://builder.hotims.com



Circle 13 or http://builder.hotims.com



Circle 11 or http://builder.hotims.com



Circle 14 or http://builder.hotims.com

For more product info, please go to http://builder.hotims.com



Circle 17 or http://builder.hotims.com



Circle 18 or http://builder.hotims.com



Circle 19 or http://builder.hotims.com



Circle 20 or http://builder.hotims.com



Circle 15 or http://builder.hotims.com



Circle 16 or http://builder.hotims.com



Circle 21 or http://builder.hotims.com

NBCS

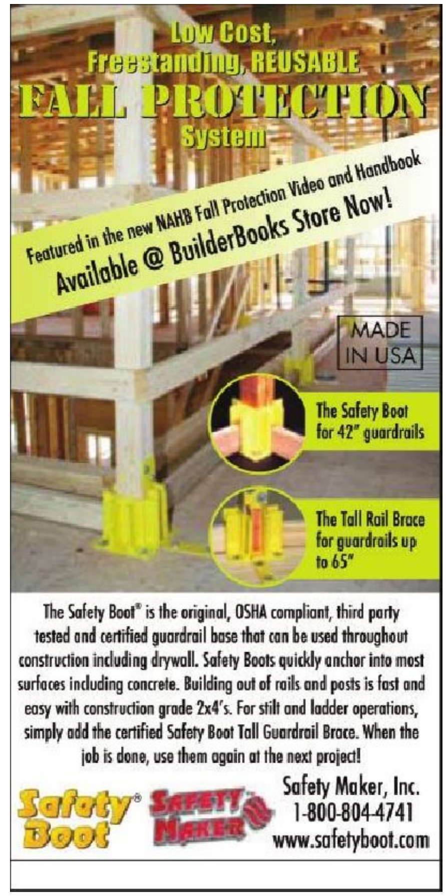
WE SEARCH NATIONWIDE
FOR BUSINESSES SEEKING TO SELL
OR
TO FIND FUNDING. WE HAVE
QUALIFIED BUSINESS VALUATIONS,
AND ON-SITE INSPECTIONS,
CASH FLOW ANALYSIS
NO COST TO BUYERS

CALL **866-498-6445**
E-MAIL **search@nbcsllc.com**

Circle 22 or http://builder.hotims.com



Circle 23 or http://builder.hotims.com



Circle 24 or http://builder.hotims.com



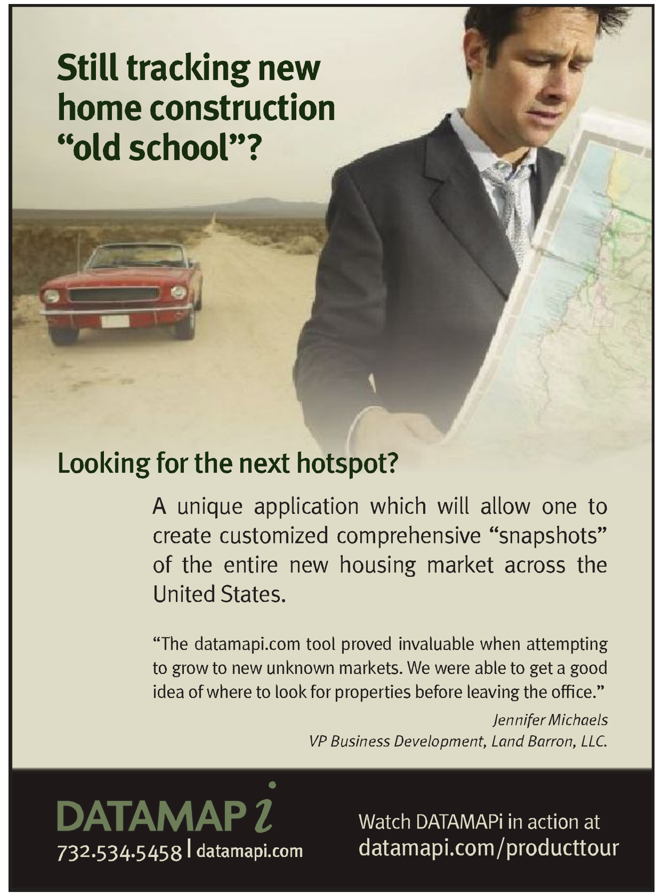
Circle 25 or http://builder.hotims.com



Circle 26 or http://builder.hotims.com



Circle 32 or http://builder.hotims.com



Circle 33 or http://builder.hotims.com



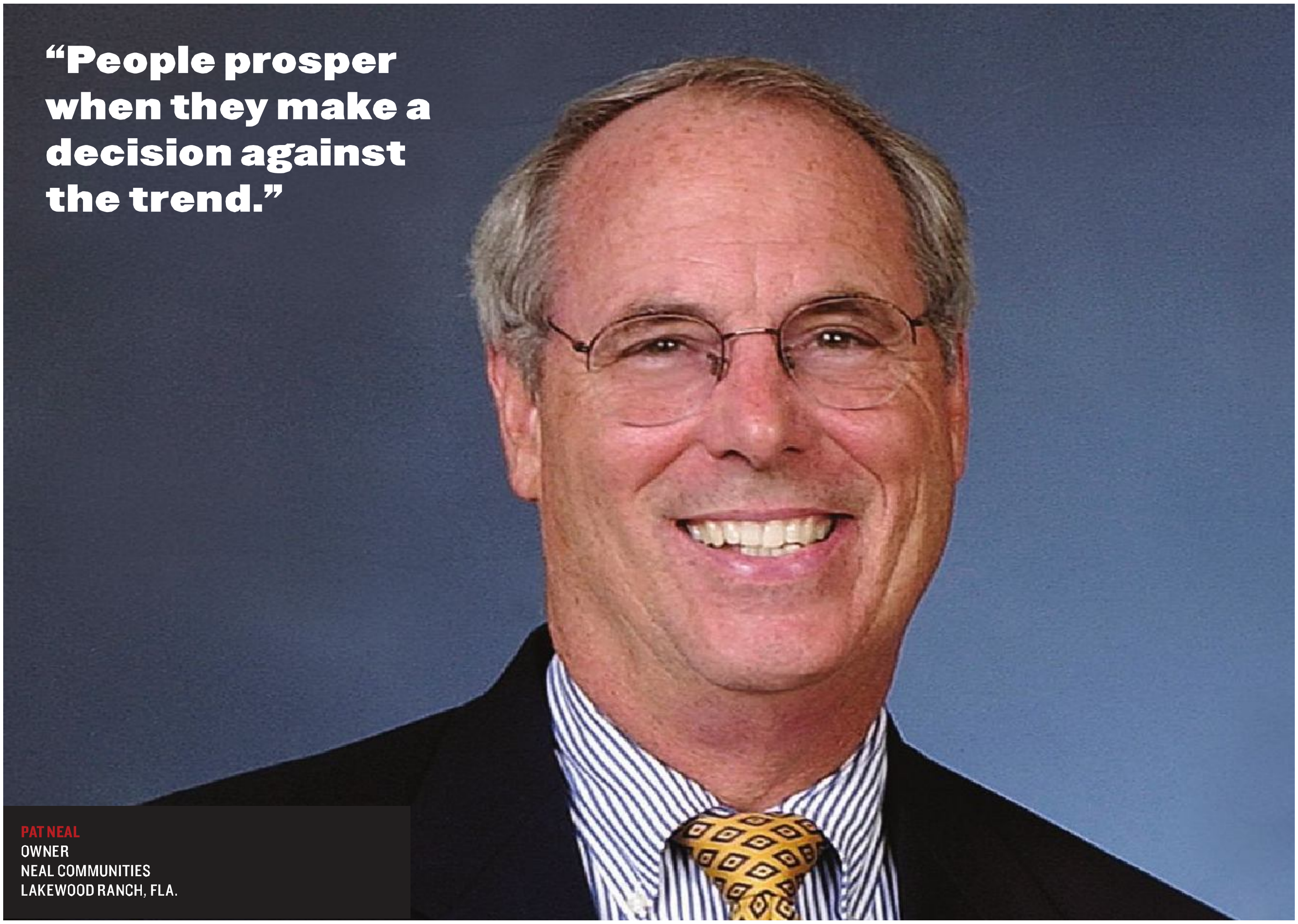
Circle 34 or http://builder.hotims.com

For more information, go to http://builder.hotims.com

ADVERTISER	PAGE #	CIRCLE #	PHONE NUMBER
84 Lumber	73	543	
Ainsworth Engineered	80 a-b, 130	547	877-661-3200
Arlington	41	261	800-233-4717
AT&T Connected Communities	47	265	888-899-9048
Belgard	**42**	**577**	**877-Belgard**
Big Builder Conference	72	-	
Bobcat	55	276	866-823-7898 x831
Boral Bricks*	81	278	800-5BORAL5
Brick Industry	50	281	
Broan-NuTone	**16**	**284**	**800-543-8687**
Cabinets & Countertops Advertorial	141	–	
Calculated Industries	12	–	800-854-8075
Carhartt, Inc.	92	524	
Cat Access	70	566	888-228-8811
Chevy Silverado	C2-1	–	
Comcast	66	307	877-395-5388
Connexion Technologies	71	604	919-535-7329
Cosella Dorken	70	313	888-4DELTA4
CraftMaster Interior Doors	**121, 123**	**315**	
Cummins Onan	64	321	
Dell	**11**	**–**	**800-433-5882**
Delta	13	323	
Dodge	74	–	800-4ADODGE
DuPont Tyvek	**117**	**327**	
Eaton	**54**	**329**	**800-525-2000**
Electrolux	**53**	**331**	
EPA	57	337	202-343-9418
Exaktime	39	463	888-788-8463
Ferguson	30	568	
Flooring Advertorial	142	–	
Fypon	134-135	347	800-446-3040
Generac	18	571	888-GENERAC
Hanley Wood Market Intelligence*	81	-	800-639-3777
Honda Generators	28	364	800-426-7701
Huber Engineered Woods	63, 69	367, 366	800-933-9220
Icynene	**4-5**	**378**	
iLevel by Weyerhaeuser	**15**	**379**	
JELD-WEN Windows & Doors	**91**	**386**	**800-877-9482 x10803**
Knight-Celotex Fiberboard	31	395	
Kohler Company	**C3**	**600**	
Kohler Power Systems	**26, 27**	**622, 624**	**800-544-2444**

ADVERTISER	PAGE #	CIRCLE #	PHONE NUMBER
LP Building Products	**22**	**617**	
LP SolidStart	**23**	**618**	
Lutron	**37**	**410**	**866-881-0727**
Marvin Integrity	**20-21**	**411**	**800-687-6661**
Marvin Windows and Doors	**19**	**412**	**800-241-9450**
NAHB	32, 33, 48, 78, 106, 107	–	
Napoleon	65	419	800-461-5581
National Kitchen & Bath Association	40	420	800-THE-NKBA
Pacific Gas and Electric*	81	616	800-342-7737
Pella Corp.	**C4**	**433**	**866-829-9055**
PERC	**24-25**	**440**	
Quikrete	61	443	
Rechargeable Battery Recycling	29	444	
Salsbury Industries	12	403	800-624-5269
Silestone by Cosentino	**34**	**545**	**866-countertops**
Simpson Strong-Tie	**2-3, 84**	**528, 468**	**800-999-5099**
Site Commander	79	-	
Softplan	14	469	800-248-0164
Sprint	82	472	800-SPRINT-1
StoneCraft by The Tapco Group	97	475	
The Tapco Group	86	485	
TempRite	129	575	800-342-1550 x0
Therma-Tru	**6-7**	**486**	
Timberland	8	593	
Trex	77	493	800-BUY-TREX x6338
Tyco Fire & Building Products	**119**	**497**	**877-438-8926**
U.S. Green Building Council	44	609	
Verizon FiOS	98	579	888-376-5462
Verizon Wireless	32 a-h	–	800-VZW-4BIZ
Versatex	56	507	724-857-1111
Viance	43	623	800-421-8661
Visa	94	–	
VT Industries	89	509	
Wayne-Dalton	48 a-d, 49	511	
Wells Fargo	14	514	
Whirlpool Corporation	**58**	**517**	**800-253-3977**
Zelman & Associates	80	541	212-993-5840

Bolded Advertisers are members of the National Council of the Housing Industry.
*Issue mailed in regional editions.
Advertisers: To update your listing, contact Lauren Dobos at 202-736-3461 or send an email to ldobos@hanleywood.com



PAT NEAL
OWNER
NEAL COMMUNITIES
LAKEWOOD RANCH, FLA.

Pat Neal is no stranger to bad housing markets. In the 1974–1975 recession, for example, the owner of Lakewood Ranch, Fla.–based Neal Communities watched his sales plunge from 50 a year to six.

He learned a lot of lessons that have served him well including owning land free and clear, building strong teams, having non-recourse debt "when you can," and creating a culture of continuous improvement. But his main strategy for surviving the '70s downturn—and every one since—hinged on introducing value-priced houses to jumpstart sales.

"Building a smaller, less complicated house is part of the ebb and flow of the housing cycle," Neal says. "Those are the circumstances we bargained for as builders … . People prosper when they make a decision against the trend."—*Pat Curry*

Q: What is it about a difficult housing market that sparks innovation?

A: Necessity is the mother of invention. The business reality is we have to make a profit. I have a long-term investment in people. ... The better decision [than laying off staff] is to create less-expensive homes at a low profit. People can now buy a new home at a price I would have told you three years ago was not in the cards.

Q: What is most important for builders to do to survive this downturn?

A: These are tough times for people in our business. It's easy to feel like this is bad luck. But whatever we are as business managers, it's our job to keep our chins up and keep a smile on our faces and lead the team. Our job is to make sales every day, no matter what the price is. I've been surprised by some of my friends who have taken their bones and gone home. When they come back, I'll have a team that's way down the field and they'll be fighting to work back up to the market share they used to have.

Q: What's your next innovation?

A: We're designing a 1,080-square-foot cottage with a rear-loaded detached garage, and a new group of houses that are 16 feet wide and as small as 960 square feet. We intend to create a series of smaller, smarter, more energy-efficient homes for what we think is the new world of housing for the next three years. Though we have been mostly a luxury builder, these will keep our machine going.

HERB BOOTH